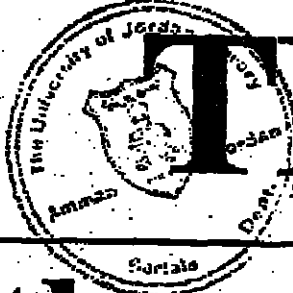


ball will be winner in special match

DAVID MILLER

French may have severe problem

adoma worried



No 62,490



MONDAY JUNE 23 1986

THE TIMES

25p

Botha gags opposition in the Cape

From Michael Hornsby, Johannesburg

The South African Government took further steps at the weekend to silence political opposition under the state of emergency...

Anglican Bishop of Johannesburg, said yesterday at a service in Lenasia, the main residential area for Indians near Johannesburg...

nie met the Minister of Law and Order, Mr Louis Le Grange, and the Commissioner of Police, General Johan Coetzee...

Waite's attack

A scathing attack on the South African Government was launched by Mr Terry Waite, the Archbishop of Canterbury's special envoy...

Unions (the biggest black trade union federation), the Detainees' Parents' Support Committee, the End Conscription Campaign...

Minister denies cover-up on lamb

By John Young, Agriculture Correspondent

The Ministry of Agriculture yesterday emphatically denied suggestions that Mr Michael Jopling, the department's minister, had been aware for some time of high levels of radiation in sheep in parts of North Wales and Cumbria...

"There was no cover-up, and the Minister informed the House of Commons at the earliest possible opportunity," a Ministry official said.

The source of the contamination is believed to be very heavy rainfall during the first weekend in May, shortly after the Chernobyl power plant disaster in the Soviet Union...

Some farmers might think he was being overproud in imposing the ban if the risks were so minimal, the minister conceded.



Falling about: England's Peter Reid takes to the air after stumbling over an Argentine player during the first half of yesterday's World Cup quarter-final in Mexico City.

Maradona puts England out of World Cup

From John Carlin in Mexico City and John Goodbody in London

England went out of the World Cup yesterday when Diego Maradona scored twice to give Argentina a 2-1 victory in their quarter-final tie in Mexico City.

Maradona scored his sixth goal in the finals for England near the end after a fine cross from substitute John Barnes, but the equalizer would not come.

But there was no disputing his second four minutes later. A solo run and shot gave the Argentinean one of the finest goals of the 24-nation tournament.

Bobby Robson, the England manager, said after the game: "We were beaten by one goal that was dubious and another that was a miracle."

Both teams had been consistently defensive in the first half with England only having one serious attempt when Peter Beardsley, of Newcastle United, shot into the side-netting.

There was one policeman for every seven spectators watching the match, a reflection of the Mexican authorities' concern that a re-awakening of passions over the Falklands conflict might lead to violent disorder among rival fans.

after their side had lost on penalties when the quarter-final ended goalless, tried to get into the hotel and the Germans bombarded them with beer bottles and other objects.

MP's call to Hurd on Stalker case

By Richard Evans and Peter Davenport

A Conservative MP questioned by police investigating the secret allegations against Mr John Stalker, Manchester's Deputy Chief Constable, will seek a Commons statement today from the Mr Douglas Hurd, Home Secretary.

Mr Cecil Franks, MP for Barrow-in-Furness, who was quizzed for over an hour eight days ago by a chief inspector, said last night: "A number of people including at least half a dozen MPs have already been sucked into this inquiry, yet not one of us has been told what it is all about."

Mr Franks and other Tories seen by police have been asked about Mr Kevin Taylor, a Manchester businessman and prominent Conservative who has been under investigation by police and is a long-standing friend of Mr Stalker.

Spain's Socialist Party will win a second term with an absolute majority in yesterday's general election, according to two exit poll projections announced directly after the polling stations closed by the state-run television and the leading commercial radio.

The Socialists were forecast by television to obtain 189 seats, 13 seats more than required for a majority, and by the radio to get between 187 and 193 seats.

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Sicily poll: A slightly higher turnout than usual was reported for regional elections in Sicily yesterday which could have important repercussions for Italy's five-party coalition government (Our Foreign Staff writes). The result is expected today.

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Oilseed rape has once again presented difficulties. Flowering has been uneven, with extensive bare patches, and reports from Kent, Northamptonshire and Oxfordshire say that many fields were ploughed out in the spring.

After a slow start early potatoes are reported to be recovery looks possible," he says.

Tomorrow Tortured in Cuba

Armando Valladares spent 22 years as a political prisoner in the jails of Castro's Cuba. He recounts his nightmare — and explains what gave him the courage to survive it.

Style: the name of the game

Fashion looks at new, snappy sportswear

Portfolio

The weekly prize of £8,000 in the Times Portfolio Gold competition was won outright by Mr Michael Aiman, of Mevagissey, St Austell, Cornwall.

Sikh killed

The president of a Sikh welfare group was shot dead by police at a checkpoint in the holy city of Amritsar yesterday.

Divorce poll

A very close result is expected in the Irish referendum on divorce after an astute campaign by opponents.

Thatcher to adopt two-pronged line

By Richard Evans, Political Correspondent

Mrs Thatcher and her Cabinet colleagues look set to agree on a two-pronged approach to the growing crisis in South Africa, involving new economic measures and a last-minute peace initiative to Pretoria.

An inner group of senior ministers will meet today at Downing Street and is expected to rule against stopping direct air flights and banning the import of South African fruit and vegetables. Instead it is increasingly likely the group will recommend the banning of uranium imports and putting an end to new investment by British firms in South Africa.

The group's proposals will then go to a meeting of the Cabinet's overseas and defence committee tomorrow and the full Cabinet on Wednesday.

In addition, the Prime Minister is under pressure to agree to Sir Geoffrey Howe, the Foreign Secretary, or a senior official from his office, leading a delegation to Pretoria for talks with President Botha in a last-ditch attempt to persuade him to dismantle apartheid.

Provided the Cabinet agrees to such a mission it will almost certainly be discussed at the EEC heads of government meeting in The Hague on Thursday. If Sir Geoffrey goes to South Africa he will go not only as Foreign Secretary but also as a representative of the EEC.

Mrs Thatcher at the weekend ruled out on financial and legal grounds the banning of air flights to South Africa. Apart from costing British Airways an estimated £60 million in lost revenue it would inevitably lead to a legal wrangle and could take up to two years to implement.

The Prime Minister is personally opposed to ending the import of South African fruit and vegetables, arguing that the only people it would hurt would be black farm workers, particularly Cape Coloureds.

The problem facing the Cabinet, according to one senior minister, is how to produce a package of measures which is not so trivial as to be laughable, but does not result in thousands of blacks being thrown out of work.

Becker and Lendl open Wimbledon

By John Goodbody, Sports News Correspondent

Boris Becker of West Germany, his last year at the age of 17 became the youngest player to win the men's singles at Wimbledon, begins his defence at 2pm this afternoon against Eduardo Bengoechea of Argentina.

The traditional opening match on the Centre Court, featuring the men's title holder, opens the Wimbledon fortnight which last year attracted a record attendance of 397,983.

At the same time, on No 1 Court, Ivan Lendl of Czechoslovakia, the No 1 seed, begins his bid to add the Wimbledon crown to the French Open title by meeting Leonardo Lavalle of Mexico, the 1985 Wimbledon junior champion.

Mats Wilander of Sweden, the No 2 seed, follows Becker on to the Centre Court with a potentially awkward first-round match against Scott Davis of the United States, who reached the last 16 two years ago.

This year's Wimbledon marks 100 years of tournament play.

Photograph, page 5 Spectrum, page 14 Rex Bellamy, page 46

Brightest price outlook for 19 years from CBI

By David Smith, Economics Correspondent

The Government's inflation hopes receive a boost today, with the announcement from the Confederation of British Industry that fewer firms expect to raise prices than at any time since 1967.

The CBI's latest monthly survey, covering more than 1,700 firms, shows that only 15 per cent expect to raise prices in the next four months. Most, 76 per cent, will leave prices unchanged, while 9 per cent of firms are to cut their prices. These are the best results for 19 years.

Mr David Wigglesworth, chairman of the CBI's economic situation committee, said: "We must get pay settlements down in line with inflation and bring labour costs and interest rates down to levels which match those of our major competitors."

Already the recent warm sunny weather seems to have made a big difference to their growth and appearance, and farmers are in a generally happier frame of mind than they were a month ago. There are also indications that the dismal spring has had a beneficial influence in reducing the incidence of disease.

A reader in Northumberland writes that, in more than 30 years of farming, he has never seen crops so backward as they were at the beginning of April, but since then there has been a transformation.

"On the whole, most crops look reasonably well considering the poor start last autumn and the severe winter and cold spring," a Bedfordshire correspondent writes. Plant numbers are relatively low, he says, but this could mean better quality grain.

Spain exit polls show a Socialist majority

From Richard Wigg, Madrid

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100 arrested in clash

Monterrey (AFP) — Trouble broke out between Mexican and West German supporters after Mexico's elimination from the World Cup on Saturday.

Police made about 100 arrests, including 15 Germans, after the trouble started at an hotel in the city centre where German fans were staying.

About 150 Mexicans, angry after their side had lost on penalties when the quarter-final ended goalless, tried to get into the hotel and the Germans bombarded them with beer bottles and other objects.

Eighty policemen were needed to restore order and about 20 people were injured. Considerable damage was caused at the hotel.

INTER CITY FINANCE MONEY Line advertisement with interest rate table and contact information.

Barristers back single governing body that keeps judges out

By Frances Gibb, Legal Affairs Correspondent

Barristers have overwhelmingly voted for a radical reform of their constitution, including a new single governing body more accountable to the profession's rank and file and more ready to champion their needs.

An extraordinary general meeting in London on Saturday 300 barristers voted in favour of the creation of a new governing body which shifts power to the ranks of the profession and from which the first time judges will be excluded.

The new 93-member body which will replace the existing Bar Council and the Senate of the Inns of Court was recommended recently by a committee of judges and barristers under Lord Rawlinson of Ewell, QC, former attorney general.

It will be more democratic, more representative of the young and provincial Bar and

more responsive to the profession's needs in the face of challenges such as those from solicitors on rights of audience. Without the presence of judges, who support the proposals, the governing body will be freer to tackle the Government over such issues as legal aid fees, it is felt.

The proposals, to come into force on January 1 next year, will end an uneasy power-sharing between the Bar Council and the four Inns of Court run by judges and barristers elected as benchers.

At the same meeting, barristers voted overwhelmingly for an expanded and strengthened secretariat as proposed by Coopers and Lybrand, management consultants, and also in principle for compulsory subscriptions to the new body, to be called the General Council of the Bar.

Subscriptions until now have been voluntary but a

considerable rise in income, possibly by about 86 per cent, is needed to put the proposals for a strengthened secretariat into force.

There is, however, to be a ballot of the whole profession on the issue of compulsory subscriptions.

Yesterday Mr Robert Alexander, QC, Bar chairman, said that the meeting demonstrated both the profession's unity and its determination to ensure that its professional body was "strong enough to give a full service to the profession and to meeting the expectations of the public".

The Rawlinson report highlighted dissatisfaction with the present machinery of government at the Bar and concluded there was an urgent need for change. A new body was recommended which would adopt a more trades-union-like role on behalf of its members.

'Advisers needed for sentencing reforms'

By Our Legal Affairs Correspondent

The creation of a sentencing commission under the Lord Chief Justice backed by a network of regional sentencing advisory committees is called for by the Justices' Clerks Society today to improve consistency in magistrates' sentencing.

The two-branch proposal for reform is put forward by the society of 350 chief legal advisers to magistrates to the Home Office in response to the criminal justice White Paper.

Much more needs to be done, the society says, to encourage "greater consistency of approach to sentencing in magistrates' courts" and more guidance on sentencing needs to be available to magistrates and their clerks.

Concern over the level of sentencing has led to a government proposal to strengthen the role of the Judicial Studies Board.



The women's slalom event heading for the finish at the ninth annual concrete canoe races at Thorpe Park, Chertsey, Surrey, held by the Concrete Society yesterday. Some competitors came from The Netherlands (Photograph: Peter Trievner).

Crown prosecutions

Pay wrangle hampers new service

By Our Legal Affairs Correspondent

The Government's pay proposals for barristers hired to do work for the new crown prosecution service has led to delays and inefficiency in some of the former metropolitan areas where the service has been running for nearly three months.

The biggest upheaval in the criminal justice system for decades, the service is inevitably having teething troubles. But these have been made worse by wrangling over new levels of pay.

Under the new service responsibility for prosecutions has been taken from the police and placed with a team of salaried state prosecutors. But a shortfall in recruitment means that outside barristers and solicitors are needed to help with about 15 per cent of the prosecutions work load.

Barristers, however, are objecting to new fee levels offered by the Government of £60 and £85 for a half or whole day in the magistrates' court.

As a result, some of the lawyers doing the work are the most inexperienced, accord-

ing to Mr Norman Draper, deputy clerk to Wirral justices. Not only were young inexperienced lawyers employed by the service itself, he said, but those recruited from the profession to act as agents tended also to be the youngest, and often had just completed their pupillage.

They were unable to cope with being handed case files minutes before a court hearing, which under the old system experienced prosecuting lawyers handled.

"It seems very much pot luck," he said. "We get whoever is not already appointed to another case in chambers that day, and inevitably those are the most junior."

One effect was delays in court hearings, as a result both of inexperience within and outside the service, papers were being mislaid or sent to the wrong court, and cases themselves were taking longer to process.

Some prosecutors are getting round the difficulty by using solicitors instead, whom the Government has agreed to pay £250 a day in magistrates' courts.

Mr Richard Odey, chief

crown prosecutor for West Yorkshire, said that he used the outside lawyers to a considerable extent, perhaps 30 to 35 per cent of all work.

But there had been no difficulty because his policy had been to go for mature and experienced lawyers aged 35 or more who were all solicitors, because the bar was not available to do the work, he said. He suspected that senior barristers would not do the work for the present rates of pay.

On top of those problems, the new service, to be extended to London and the rest of the country on October 1, has had other difficulties. For police, courts and lawyers, it has been a huge change and in some places has involved the physical upheaval of prosecuting departments moving out of police stations to new separate buildings.

Mr David Gandy, head of field management for the new service, said: "Inevitably with a new system many people are apprehensive. Nobody likes change. But it is bedding down in a way that, given time, will lead us to the same sort of efficiency as we had before."

Mr Roger Seymour, clerk to the Wolverhampton justices, in the West Midlands area, says there is also a national problem causing friction between courts and police about minor motoring cases which are still intended to be dealt with by police.

There are also signs, however, that the new service is starting to work as intended. One aim was that it should filter out weak cases. At first sight, Mr Seymour says, there seems to be a big increase in the number of prosecutions being discontinued.

The real test for the service will be October 1, when it is extended nationally and, in particular, to London where by tradition police have had a much bigger part in court proceedings.

A gradual changeover is under way with the service taking over prosecutions at Bow Street and Kingston, and with plans for a gradual spread to other courts. Police in London will lose an estimated £5 million in court overtime work, but at the same time they will be freed to do other work, so the system as a whole should benefit.

Test case for wives caring for disabled

Thousands of married women in Britain looking after disabled relatives will qualify for millions of pounds in social security payments if Mrs Jackie Drake wins a test case in the European Court of Justice this week.

The bill for the Government could rocket from about £11 million a year for invalid care to at least £85 million a year if the Luxembourg judges back her claim to the £23-a-week allowance at present paid only to single women or men.

The court will announce tomorrow whether it agrees that the restriction is a breach.

Mrs Drake, aged 42, of Worsley, Greater Manchester, has won every stage in her campaign so far, including the backing of the European Court's advocate-general, whose advisory finding is usually followed.

An estimated 110,000 married women will lodge claims with the Department of Health and Social Security if Mrs Drake clears the final hurdle.

The DHSS claims that Mrs Drake is entitled only to an attendance allowance for looking after her mother.

Oil slump upsets Saudi arms deal

By Rodney Cowton, Defence Correspondent

The Ministry of Defence hopes to complete negotiations within the next two months of a financial package to get round the effect of the collapse of oil prices on Britain's £5 billion arms sales deals with Saudi Arabia.

Under these agreements, on which a memorandum of understanding was signed last autumn, Saudi Arabia will buy 72 Tornado combat aircraft, as well as other trainer aircraft and weapons.

A large part of the price is to be paid in oil, but because of the fall in the value of oil much more will be needed than had originally been planned.

There had in any case always been a problem in the early phases of the agreement of keeping payments in step with a high rate of deliveries of aircraft and other equipment, and this has been made more difficult by the oil slump.

But Ministry of Defence sources said yesterday they were confident that these problems could be overcome.

It is understood that when Mr George Younger, Secretary of State for Defence, visited Saudi Arabia last May, the Saudis made clear their determination to go through with the deal.

So far six Tornados have been delivered, and about £200 million has been received in oil and cash payments.

It is understood the Government is hoping that negotiations on new financing arrangements can be completed in August. They seem likely to involve a substantial increase in the volume of oil, although this will not necessarily be channelled through Britain, and also probably some form of financing arrangement through the Saudi Arabian banks.

13 Britons questioned over ferry incident

Police were yesterday questioning 13 young Britons after a fracas on board a cross-Channel ferry in which a bar was wrecked and four French crew members were assaulted as the ship sailed from Dieppe to Newhaven, East Sussex.

Police met the French-owned Charters when it docked on Saturday night and 21 people were arrested. Eight were later released.

The ferry, which should have sailed back immediately, left early yesterday.

Part-time soldier dies

One part-time soldier was injured and a second died, probably from a heart attack, after a smoke dispenser exploded when men from the Territorial Army's Assault Troopers were preparing an assault course for a military display at Shirley, Solihull, West Midlands.

Mark Wilson, aged 20, was released from hospital after wounds were stitched and burns on his hands treated. The police are trying to trace the parents of the dead man, aged 23, from Marston Green, Birmingham, who are on holiday in Greece.

Minister's retreat on 'slums'

By Richard Evans, Political Correspondent

Mr Geoffrey Pattie, the minister who said council housing bred slums, delinquency, vandalism and waste, staged a diplomatic retreat yesterday.

The climbdown by the Minister for Information Technology comes after hostile criticism from his own constituents, Conservative as well as Opposition MPs, and an implied rebuke from the Prime Minister.

In an open letter to his constituents, he said: "I understand from you that some council tenants in my constituency were offended by the reports they read of my speech."

"You have also told me that some others did not understand that I was not in my speech referring to the tenants of council housing, nor was I suggesting that all council properties everywhere in the country were slums."

"Such a proposition would be manifestly absurd. Most council housing is of a high standard and well kept."

Beach man killed in cliff slide

By A Staff Reporter

Cliffs along the Cornish coast were checked for safety yesterday after the death of a beachguard in a landslide caused by rain.

Mr Carl Edwards, aged 22, an Australian, was crushed when 40 tons of rock and mud crashed on to the lifeguard hut at Towan beach, Newquay.

The accident happened after violent storms swept the West Country and west Wales.

Coastguards resumed their search for Steven McLeod, aged 16, from Falmouth, who may have been swept into the sea while fishing from rocks at Porthkerry on Friday. He is believed to have been with Mr Charles Wickham, aged 51, a shop manager, who died in the water.

The body of a young man was recovered by helicopter on Saturday night after being discovered floating in the Solent beside a 20ft shark.

Police said later that the body, which had not been interred with by the shark, is believed to be that of a youth aged 16 who disappeared while swimming.

More crimes cleared up

The total number of recorded crimes in Scotland, 462,000, was 2.7 per cent fewer than in 1984 and the first drop in the crime figures since 1978, according to government figures today.

Police cleared up a total of 155,022 crimes in 1985, almost 9,000 more than in the previous year. Crimes of violence increased by 10 per cent last year and drug offences rose by 15 per cent to 5,100.

Student hurt

Miss Tracy Hunt, aged 21, a student, of Southwood Avenue, Coulsdon, Surrey, was "still critical but stable" in Gwynedd Hospital, Bangor, north Wales, yesterday after a fall on Snowdon during the annual Fourteen Peaks event in Snowdonia at the weekend.

1,000lb bomb defused

Bomb disposal experts in Northern Ireland yesterday defused a 1,000 lb bomb intended to blow up a patrol vehicle after working on the device for two days.

The huge bomb was discovered at Narrawater on the road between Newry and Warrenpoint in Co Down, and only 100 yards from the spot where 18 paratroopers were killed by the Provisional IRA

Cottage ready

The National Trust has completed £150,000 improvements at Bridge Cottage, Flatford, Suffolk at the heart of Constable country where 250,000 visitors are expected this year.

Business help

Financial support to help blacks set up their own businesses is planned by members of the Labour-controlled Nottingham city council.

Irish divorce poll

By Richard Ford

The Irish Republic's government has attempted to counter the serious threat posed to its plan to remove the ban on divorce by its opponents' emphasis on the pension, social welfare, and property rights of a first spouse.

Opponents of divorce have run an astute campaign in which they have highlighted the material problems that could result if Thursday's referendum is passed.

The strategy, combined with the Roman Catholic Church's concentration on the wider effects of divorce for the family and society, has forced the government and its supporters on to the defensive and has brought predictions that the result will be very close.

Instead of discussing the pension, social welfare and property rights to be allocated to the first spouse.

Yesterday, Dr Garret Fitzgerald sounded angry when questioned in an Irish radio interview on issues apart from divorce itself.

He said: "All these points have been put forward in a very misleading way. The children of the first family retain their succession rights, and the wife of the first family has a right to compensation. Every possible red herring and distraction that could confuse the issue has been drawn across. The issue is the couples in their tens of thousands who are in extreme misery."

The pulpits of the republic resounded to the anti-divorce message yesterday as priests and bishops continued their struggle to defeat the referendum, which would remove the constitutional ban on divorce and lead the way to the introduction of civil divorce.

The tie that still binds, page 15

LOOK FORWARD TO THE YEAR 2000

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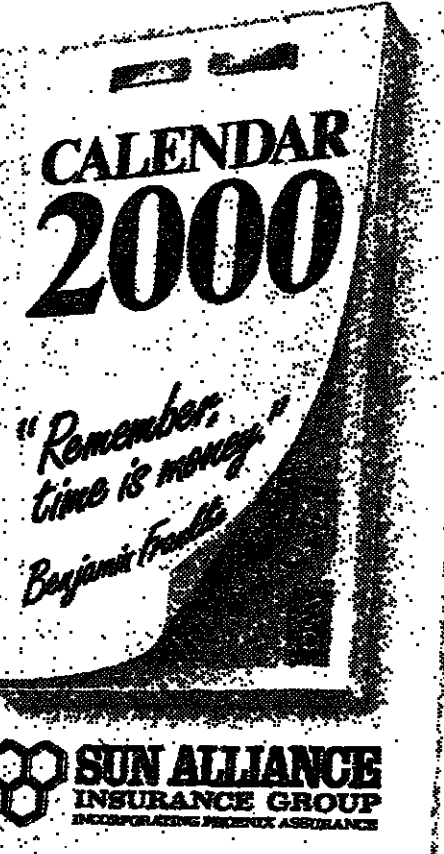
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Present Age (at start of term)	Guaranteed Sum Assured	Annual Bonuses	Capital Bonus at 100%	Total Projected Maturity Value	Immediate Life Cover
18-20	£2,070	£2,602	£2,070	£2,542	£2,970
30	2,967	2,948	2,967	2,907	3,367
35	3,952	2,586	2,952	2,952	3,752
40	4,937	2,224	2,937	2,937	4,137
45	5,922	1,862	2,922	2,922	4,522
50	6,907	1,500	2,907	2,907	4,907
55	7,892	1,138	2,892	2,892	5,292
60	8,877	776	2,877	2,877	5,677
65	9,862	414	2,862	2,862	6,062
70	10,847	52	2,847	2,847	6,447
75	11,832	0	2,832	2,832	6,832

FOR A MONTHLY INVESTMENT OF £50					
Present Age (at start of term)	Guaranteed Sum Assured	Annual Bonuses	Capital Bonus at 100%	Total Projected Maturity Value	Immediate Life Cover
18-20	£5,175	£6,505	£5,175	£6,355	£7,475
30	7,417	7,370	7,417	7,370	8,517
35	9,892	6,468	9,892	9,892	10,492
40	12,367	5,566	12,367	12,367	12,467
45	14,842	4,664	14,842	14,842	14,442
50	17,317	3,762	17,317	17,317	16,417
55	19,792	2,860	19,792	19,792	18,392
60	22,267	1,958	22,267	22,267	20,367
65	24,742	1,056	24,742	24,742	22,342
70	27,217	154	27,217	27,217	24,317
75	29,692	0	29,692	29,692	26,292

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Dentists not disclosing patients' payments, ministry survey shows

By Nicholas Timmins, Social Services Correspondent

Dental charges may be higher than necessary because many dentists are not declaring payments from patients for National Health Service treatment, a confidential survey suggests.

The figures from the Department of Health and Social Security survey, which the British Dental Association is challenging as "spurious", suggest that millions of pounds in NHS income from dental charges was not being declared to the Dental Estimates Board.

As a result NHS charges may well be set too high, because they are pitched at a level intended to bring in the Government's target for charge income to help to pay for the dental service.

Although the dentists are entitled to keep the payments, their failure to declare them is a breach of their terms and conditions of service.

The ministry's survey was carried out after criticism from the public accounts committee of the House of Commons.

Among patients who paid charges, there was an increase

of 128 per cent between 1975 and 1983 in cases where dentists claimed only an examination fee from the NHS but reported no other treatment.

Among patients who are exempt from charges, where the NHS rather than the patient would pay the dentist, the increase had been only 8 per cent. If the gap was due to dentists failing to record treatments they had in fact carried out, their value would have been £13 million at 1982 prices, the committee said.

The ministry's survey involved asking more than 2,000 patients if they had been charged for any other treatment in cases where dentists had submitted only a claim for the £3 examination fee. No less than a third of the patients said they had been.

The results, however, are being challenged by the British Dental Association. Mr David Watson-James, chairman of the General Dental Services Committee, said: "The design of the department's questionnaire was so seriously flawed that we believe the results are spurious."

"There is clearly a problem with a small number of dentists who have not been filling in the forms properly. But we do not believe the problem is of anything like the magnitude this back of an envelope study suggests."

The association would cooperate in a larger-scale properly designed study that the department was proposing for the autumn, he said.

"If dentists are doing this, it is a clear breach of their terms and conditions of service," Mr Watson-James said.

"If service committee cases are brought against them that will be done with our wholehearted support. But we just do not believe the problem is anything like as large as these figures suggest."

The Department of Health and Social Security said where the survey suggested a dentist was regularly not declaring the treatment given and payments received the dentist would be referred to the local family practitioner committee for a possible disciplinary case.

"We are determined to stop this abuse," it said.

BMA joins records rumpus

By Our Social Services Correspondent

The British Medical Association is to decide this week whether it will support patients having a legal right to see their medical records amid signs that doctors are deeply divided over the issue.

The Department of Health will shortly have to decide to what extent patients will have access to computerized records held about them under the Data Protection Act. Doctors expect that rules applied to computerized records will eventually affect manual records as well.

The department has canvassed three options—no legal right of access, complete freedom to demand to see personal medical records, or a compromise, which the department itself favours.

The compromise would give patients the legal right to see their records. Doctors would still be able to withhold infor-

mation that could harm patients, but patients would then have the right to ask for a second opinion on whether it was in their interests, rather than the doctor's, that such information should be withheld.

The proposals have produced widely differing views among the British Medical Association, although the association's council has already told the department it backs the middle course.

Since then the association's hospital consultants' conference has opposed any legal right of access to records, giving a warning that mental patients, children and others could be harmed, and the medical academics have backed the consultants' view.

The association's family doctors' committee approved qualified access, but last week the annual conference of fam-

ily doctors narrowly overturned that decision, voting for a ban on any legal right of access.

The committee, which is not formally bound by the conference decision, this week decided to ignore it and continue to back patients' rights to see their records in most cases. This decision may cause a rumpus at this week's annual meeting of the association in Scarborough.

The key motion down for debate supports patients being allowed "medically supervised access" to personal health records. The result will finally decide the association's policy. Other motions from doctors in Yorkshire, Cumbria, Worcestershire, Berkshire, Cheshire and parts of Scotland vigorously oppose patients' having the right of access. The vote may be close.

Covent Garden opts for 'surtitles' translations

By Norman Lebrecht

who will have memorized everything." The Royal Opera House has previously used captions only in school matinees.

Glyndebourne, the other British company to sing all operas in the original language, faced an angry response when it surtitled a touring production in 1984.

But a poll of last year's touring audiences showed that 82 per cent approved of translation, while fewer than one in 10 reacted strongly against it. Nevertheless, surtitles are not yet contemplated at the Glyndebourne Festival itself.

The practice of providing simultaneous translation, often a word-for-word relay of the libretto, began in the United States where audiences, except at the Metropolitan Opera, New York, are presumed to lack linguistic versatility.

Covent Garden will use an £18,000 two-projector system paid for by the Durrington Corporation, a commercial sponsor.

The projection equipment is housed in what staff call the "old BBC sound box", a studio unused for three years since opera broadcasts ended after an unresolved dispute about chorus fees.

European sale of 10 m discs predicted

By Bill Johnstone

Technology Correspondent

The British sales of compact disc players will explode in the next five years and lead to a sales war in the high street where prices will drop by half, a study by Euromonitor has found.

If the product is made more appealing to the young, European sales will top 10 million units in 1991, about five times what they are, the study claims.

The price war in Britain however is already in evidence, the survey says. British hi-fi purchasers are younger than those in France and West Germany.

Britain, with Sweden, is also unusual in having rental schemes for compact disc players, available at about £10 a month.

But, the study claims, manufacturers seem to have misjudged the market among the young for CD systems, and failed to invest in sufficient production facilities.

Turkey charge

Four men will appear in court today accused of threatening to poison turkeys on supermarket shelves produced at Mr Bernard Matthews' Norfolk farm.



Prince Andrew, president of the Royal Aero Club, and Miss Sarah Ferguson watching the end of the DEC Schneider trophy air race, the world's longest closed circuit air event, on the Isle of Wight yesterday (Photograph: Suresh Karadia).

Attendant injured in garage fire

A petrol pump attendant was in a special unit at Mount Vernon Hospital, Northwood, north-west London, last night, suffering from serious burns received after filling a car at the Woodlands Garage in Overton, Hampshire.

"He was walking towards the cashier's office and his back caught fire. We don't yet know what caused him to burst into flames," the police said.

Mr Ruzar Ahmed, of Heathdale Avenue, Hounslow, was working at his brother's garage.

Insurance bonuses to beat burglars

By Stewart Tendler, Crime Reporter

Householders installing anti-burglary devices such as window locks are to be offered discounts on their insurance premiums in a scheme to be announced today by Mr Douglas Hurd, Home Secretary, during a Downing Street seminar on crime prevention.

Ten leading British firms are taking part in the scheme, in which discounts of between 5 and 15 per cent could be offered in return for measures which help to curb break-ins.

One of the research findings under discussion at the semi-

Tribute for Air India victims

More than a hundred relatives of those who perished in the Air India jumbo jet disaster off the south coast of Ireland last June are to attend a special ceremony today to mark its first anniversary.

The relatives, many of them children, have arrived at Cork from Canada and India for the ceremony, during which a memorial will be unveiled.

The three foreign ministers of Ireland, India and Canada will be among the dignitaries who will gather at Dunmanus Bay in west Cork tomorrow.

Poor and jobless 'getting no advice'

By Patricia Clough

The number of people struggling with debt, poverty and joblessness is mounting rapidly and many are not getting the advice they need, the National Consumer Council says.

In a report published today, the council calls for a bigger network of advice centres based in each neighbourhood to provide advice and practical help on money, social security, housing, fuel, consumer questions, employment and family matters.

It also calls for specialized services, such as representation in courts and tribunals, debt negotiation and independent public health inspection.

Mobile advice centres, persons who can be contacted in each village and telephone advice services are recommended for rural areas which, the report says, are served badly.

In spite of the best efforts, it says, the services provided by agencies such as the citizens' advice bureaux, law centres and money advice centres have improved little in the 10 years since the council first criticized them.

"The escalating despair of people in debt, the endless strain of unemployment and job-hunting while struggling to make ends meet on a low income and the repercussions of marriage break-up are problems of human misery that advice workers are having to deal with more and more," Mr Michael Montague, the council chairman, said.

The report recommended that there should be a minimum of one advice worker for every 4,000 people, one legal and one money advice worker for every 12,500 people and one consumer advice worker and one housing worker for every 30,000 people.

HOW TWO BUCKETS, A RUBBER BALL AND SOME STRING GOT ERIC MURRAY HIS HOME BACK.

"It was February last year when I fell over. I've got arthritis, you see, and it's difficult to bend down. I dropped a tin of beans and fell trying to pick it up. Of course, then I couldn't get up. It was just me and the beans, stuck there on the floor."



In Britain, 189,000 old people can't get in and out of bed without help. 695,000 can't cope with stairs. 1,056,000 can't walk without help. One household in seven is inhabited by an old person living alone.

Except that they were able to help further. By wrapping string round it to thicken the handle, Eric can now hold a saucepan so he can eat hot food again.

The consequences of frailty can be devastating to the old. A five inch kerbstone; turning a key; a patch of uneven ground; the ability to manage everyday obstacles like these can easily make the difference between living at home, or not. Help the Aged funds Day Hospitals where people like Eric can receive the individual therapy to give them the ability and the confidence to retain their precious independence.

The entire quality of life for millions of old people depends upon simple, practical measures like those the Day Hospital provides.

After treatment to improve balance and co-ordination, including practice in bending down and picking the ball from one bucket to another, he was confident enough to go home.

In addition Help the Aged supports Day Centres, helps fund minibuses, provides emergency alarm systems and supports hundreds of other projects to combat the loneliness, isolation and frailty that so many people suffer, just because they're old.

To find out more about our work, or to send a donation, please write to: Help the Aged, Freepost T5A, 1 St. James's Walk, London EC1B 1BD.

Help the Aged

ALTHOUGH THIS IS A CASE HISTORY, THE NAME HAS BEEN CHANGED TO PROTECT PRIVACY.

London Underground Boom is bad for passengers

By Michael Bailey, Transport Editor

Passengers on London Underground are experiencing unprecedented disruption as a result of booming traffic and a record rebuilding programme at central London stations.

Dozens of lifts and escalators are out of service while modernization work proceeds and passengers are being forced to make diversions to reach their station or train.

Long traffic queues are building up at the busiest stations at peak hours as passengers are channelled into

the remaining corridors and lifts.

The problem is exacerbated by record passenger flows.

Passenger journeys on the Underground last year reached a peak at 762 million compared with 672 million the year before. This success is putting severe pressure on both trains and stations.

As a result, London Underground is expected to seek government approval for an extra £40 million for new trains by 1988, and meanwhile

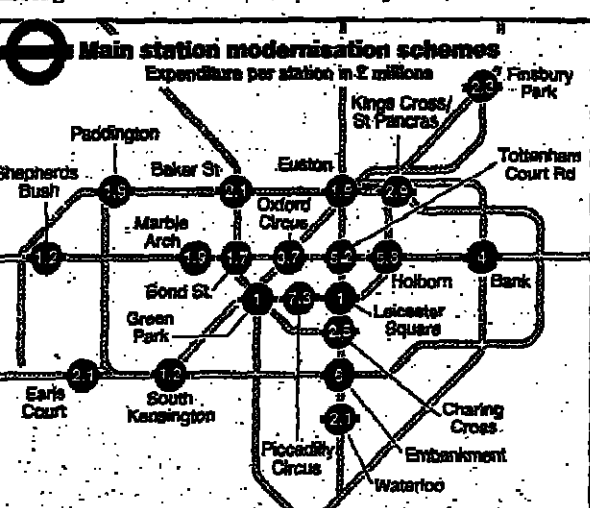
press back into service pre-war trains withdrawn from the Bakerloo Line last year.

At the same time the programme to modernize nearly 100 stations, about half London Underground's total network, is at its peak, with considerable works under way in central London at Oxford Circus, Piccadilly Circus, Tottenham Court Road, Marble Arch, Waterloo, and many others.

Biggest disruption is at Holborn and Embankment, both of which are getting new escalators as well as platform refurbishment. At the latter, passengers for the Bakerloo Line must go via the Northern Line platform; and then walk nearly 100 yards along the platform because a short-cut passage is also closed. Normally an escalator would take them straight down.

"The problem is how to keep people moving; so much is being done that it is difficult to find alternative routes," London Underground says.

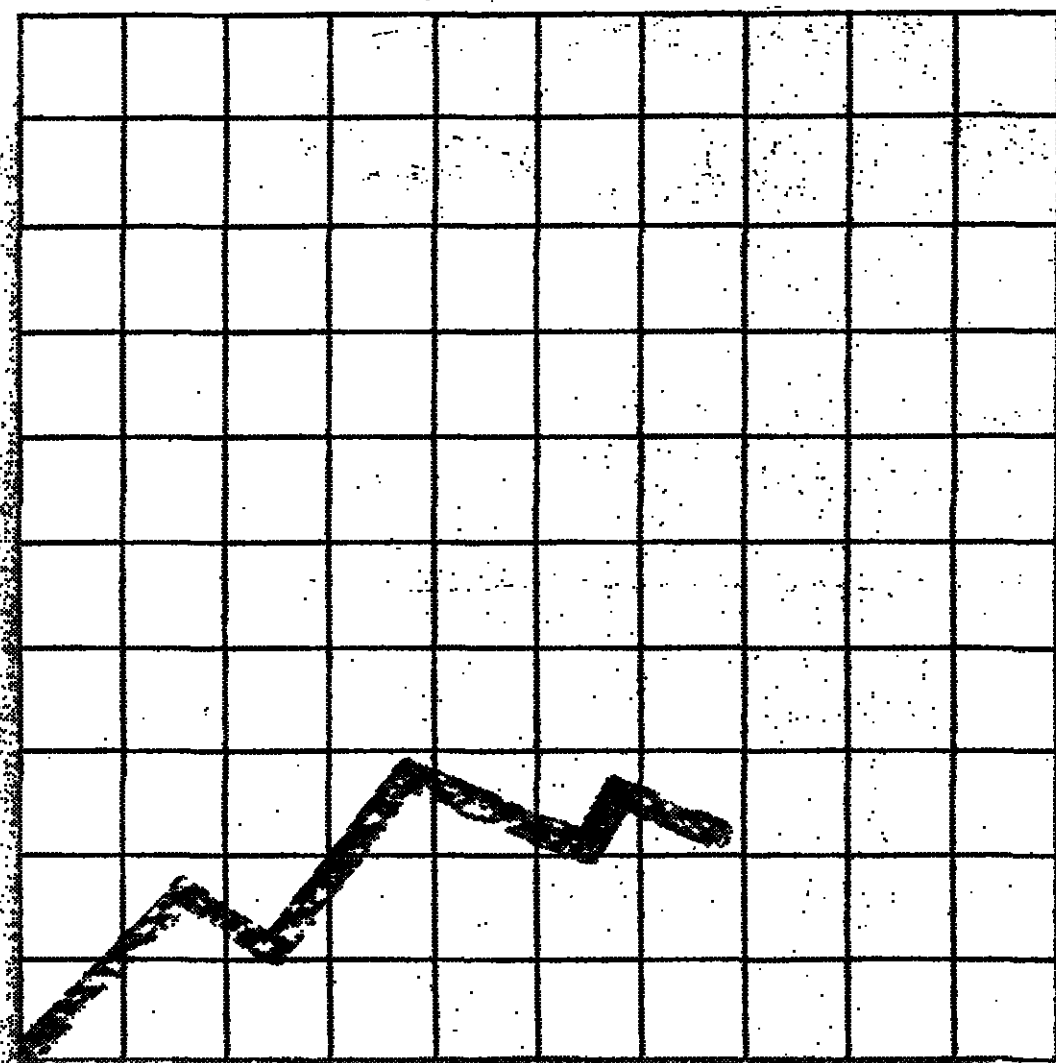
"We are asking our passengers to put up with a lot of inconvenience during this work," Dr Tony Ridley, managing director of the Underground, says.



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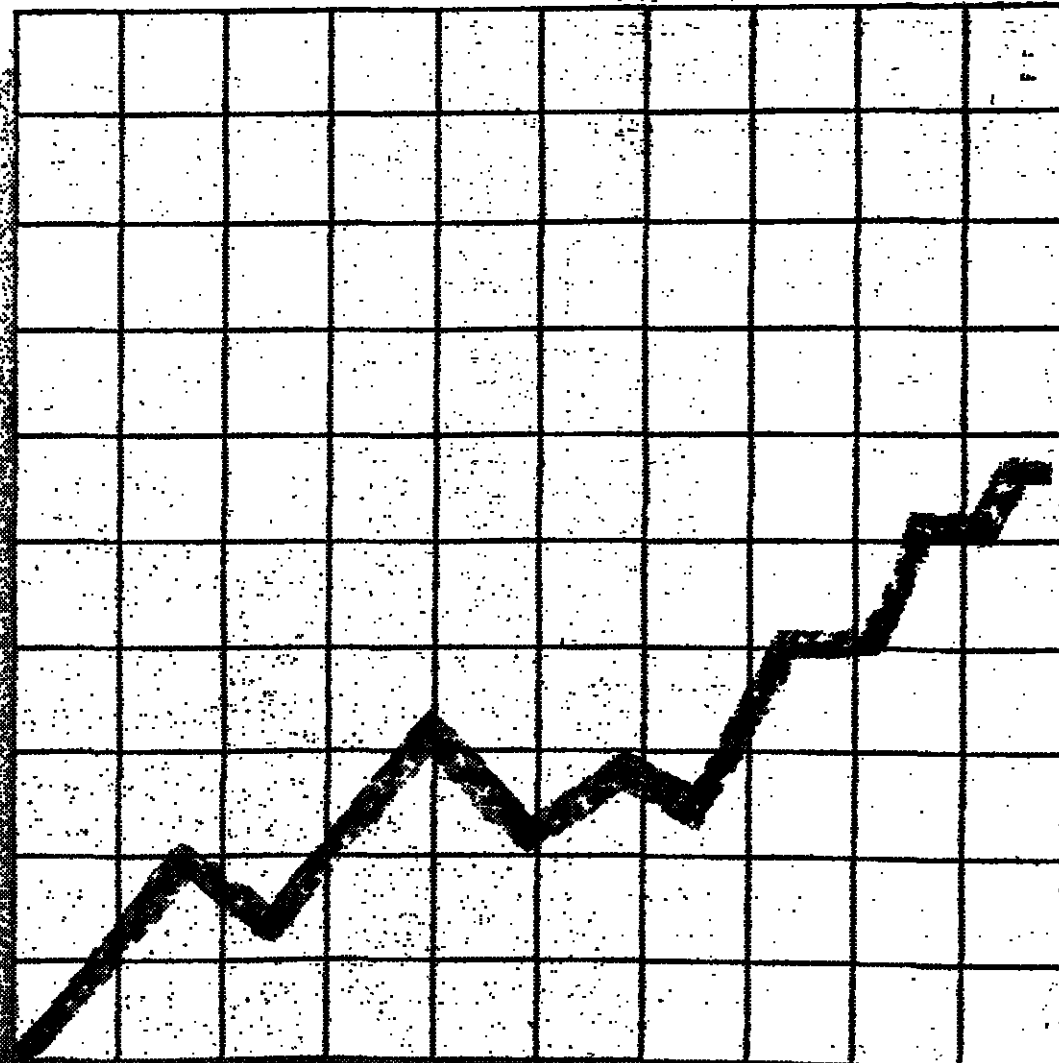


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District councils resist report urging more powers for ombudsmen

By Hugh Clayton, Environment Correspondent

The Association of District Councils yesterday strongly opposed the extra powers for local ombudsmen proposed by the Widdicombe committee into the conduct of local government.

Mr John Morgan, chairman of the Conservative-dominated association, said: "We believe that the present system is right and that democracy is working."

"We believe we should not have more burdensome and cumbersome procedures. As an association we think there is too much legislation. We are over governed."

The Widdicombe proposals came after strong pressure by the ombudsmen to obtain greater powers of intervention to remedy local government maladministration.

The most that an ombudsman can do if a council refuses to set right an injustice is to write a report.

The Widdicombe committee backed suggestions that ombudsmen should be able to start their own investigations instead of having to wait to be called in by councillors.

The committee also said there was evidence of "a very

Turnout at local polls about 40%

Council elections attract about 40 per cent of voters, or about half as many as parliamentary general elections, according to the Widdicombe inquiry.

Council election turnouts rose to parliamentary levels in 1979, but only because voting for council and general election candidates took place at the same time.

People aged 55 or more were found to be almost twice as likely to vote in council elections than those aged under 35.

Of those who bothered to vote, only about half knew the names of their local councils and which parties ran them.

The committee called for a government review of calls for the abolition of the "representative bodies" groups of English and Welsh councillors formed to comment on the work of ombudsmen.

The bodies have opposed many of the extra powers, rejected last year by the Government, which are now in-

cluded in the Widdicombe proposals.

Mr Morgan, who is Conservative leader of Test Valley District Council, Hampshire, said that only a very small minority of councils refused to abide by the verdicts of local ombudsmen and that the proportion had fallen in recent years.

"We believe that democracy should rest with the elected members of the council. In the majority of cases the council readily agrees with the ombudsman, and if there has been maladministration it compensates the person concerned."

The association, which represents more than 300 English and Welsh councils, supported the controversial Widdicombe plan to bar the most senior council officers from standing as councillors in neighbouring authorities.

Mr Morgan said: "We know of abuses where people have been full-time councillors and have been paid by councils of the same political persuasion."

"If you want to serve the council, I think you have got to decide how you want to serve it. Democracy has got to be seen to be done."



Miss Annabelle Croft (left), ranked Britain's No 1, with her sister, Louise, at Hurlingham yesterday for an exhibition match on the eve of Wimbledon (Photograph: Tim Bishop).

Detecting heart defects in unborn

Science report

Norwegian researchers say they have developed a sophisticated ultrasound scanner capable of detecting defects in the hearts of unborn infants.

The scanner, a refinement of ultrasound technology, makes a much sharper picture of a foetus, making possible for the first time pre-natal

detection and medical treatment of heart abnormalities, the most common birth defect. It makes a high-definition colour picture of internal or-

Police act to curb boat theft gangs

By Michael Horsnell

Police forces along the south coast are setting up an intelligence network to combat a growth in marine theft which last year netted organized gangs more than £1 million.

Contacts with police in France, where many stolen small craft and equipment are taken, are also to be strengthened.

At the centre of a police operation to reduce theft from yachting marinas, which have burgeoned in the years of the leisure boom, is the 200 miles of coastline, including the Isle of Wight, patrolled by Hampshire police.

About £500,000 of small craft and £400,000 of equipment, including outdoor motors, navigation and electronic equipment, and depth sounders, has been stolen in the past 12 months from the 10,000 boats which moor in what is the most popular and affluent sailing playground in Britain.

Police have launched Operation Boatwatch, designed to help boat owners to protect themselves and their neighbours in a summer-long operation.

The equivalent at sea of a neighbourhood watch scheme, the operation requests owners to organize special watch patrols and participate in a "log book" identify card scheme listing serial numbers of their equipment to help in the recovery of stolen boats and equipment.

A police spokesman said: "There is a large number of expensive boats moored along our coastline and river estuaries and all kinds of boats and accessories are being stolen. We are asking people to help themselves and their neighbours."

The Hampshire police launch, Ashburton, is to increase waterborne surveillance. Police in Devon, Dorset and Sussex are taking part in the intelligence interchange aimed at tracking down organized gangs of "pirates".

The multi-million pound flotilla of small boats along the Dorset coast is particularly vulnerable at Poole Harbour where the police launch Alarm, has been hard pressed to control marine theft.

Nearly £80,000 in property has been stolen from the harbour so far this year although of 27 boats stolen 12 have been recovered.

Dorset police have updated their boatwatch scheme and also introduced an identity card.

Chief Inspector Michael Hooper, Devon and Cornwall crime prevention co-ordinator, said: "There have been meetings with harbour masters and we are encouraging the co-operation of boat owners."

Police in Devon have set up a central monitoring system at Exeter for marine theft. This year alone about £84,000 of boats and equipment has been reported stolen.

Most crops late after wet spring

Continued from page 1 looking good, partly due to the increasing use of protective plastic sheeting. Main crops are also said to be coming on well and will appreciate the continuing underlying ground moisture.

A Lancashire man says he had to rescue much of his sugar beet as a result of wind damage, and from the other side of the Pennines a grower in North Yorkshire also reports problems with dust blowing on light, sandy soils.

Planting in most areas was delayed by wet weather, but germination appears to have been generally satisfactory.

The practical difficulties of a wet spring are typified by a farmer in West Wales, who remarks that every operation had to be "snatched" when the weather permitted. "It was no good leaving something until the next day."

First cuts of grass for silage were in many places delayed by a month or more, but they proved to be very heavy and growth has since been very good. "Most silage pits have been filled," says a report from Cornwall. "Winter fodder should be no problem this year."

In Dumfries and Galloway silage making is now said to be in full swing after a late start.

but a correspondent reports that milk production in the area is running well below quota. "A frustrating year to date," he writes. According to a Scottish colleague further north in Strathclyde, some dairy farmers have been unable to graze their cattle on the abnormally wet land or else have seen it badly "pouched" by the animals' hooves.

A Warwickshire grower says that the winter has been a disaster for so-called alternative crops. "I have grown rape and winter beans for 12 years and have never had to replant before," he complains.

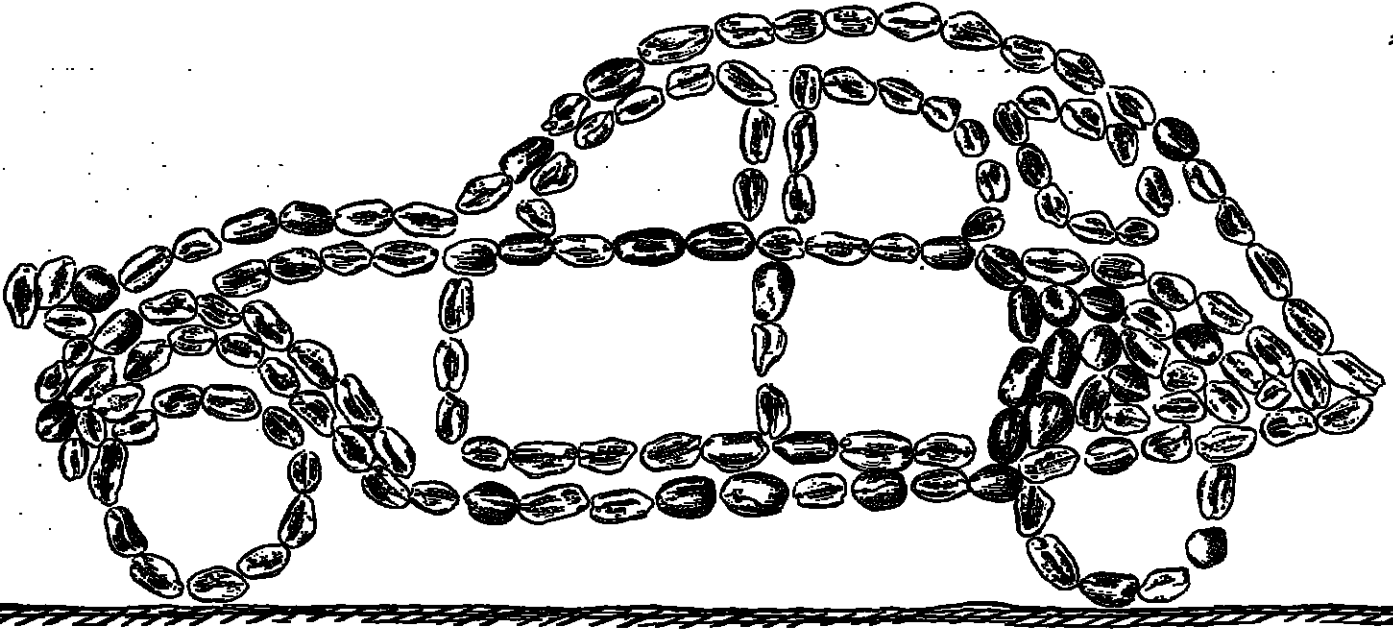
But a Suffolk colleague found that his field beans had come through "remarkably well" and that linseed was looking more promising than last year. Winter and spring oat crops are now "roaring ahead".

From the fruit growing area of Worcestershire comes encouraging news of a late, but very promising, strawberry crop, while cider orchards have blossomed very heavily with a good set.

In the tables below, a rating of 100 represents healthy conditions, full growth and freedom from injury. Key: W (wheat), B (barley), O (oilseed), P (potatoes), S (sugar beet) and G (grass).

1986: a bitter harvest

DIVISION 1	Oilseed rape		Sugar Beet		Grass	
	Wheat	Barley	Potato	Oilseed		
BEDFORD	83	80	75	80	80	78
CAMBRIDGE	89	91	86	88	89	93
ESSEX	95	97	90	89	97	90
HERTFORD	92	89	90	92	-	90
HUMBERSIDE	89	77	75	70	-	85
LINCOLNSHIRE	90	87	80	89	83	85
NORFOLK	86	86	73	80	83	87
SUFFOLK	87	85	81	85	77	92
AVERAGES	88	87	81	84	84	90
DIVISION 2						
BERKSHIRE	96	92	87	90	-	97
BUCKS	83	85	68	-	-	-
HAMPSHIRE	70	77	-	80	-	90
KENT	92	89	86	90	-	93
LEICESTER	88	88	89	-	-	91
NORTHANTS	100	100	70	70	80	95
OXFORD	99	95	83	88	-	91
SURREY	78	85	72	55	-	81
SUSSEX	85	90	-	-	-	95
WARWICK	92	95	90	85	-	-
AVERAGES	88	90	78	80	80	92
DIVISION 3						
CORNWALL	95	94	88	83	-	100
DEVON	90	79	80	80	-	90
DORSET	95	91	-	85	-	95
GLOUCESTERSHIRE	89	85	80	84	96	93
HER & WORC	93	89	88	84	-	93
SALOP	89	85	75	79	56	82
SOMERSET	89	81	68	88	95	89
WILTSHIRE	84	83	78	80	-	88
AVERAGES	91	88	78	81	82	92
DIVISION 4						
CHESHIRE	88	86	-	83	-	85
CUMBRIA	80	86	-	80	-	88
DERBYSHIRE	95	90	-	-	-	85
DURHAM	84	85	-	-	-	86
LANCASHIRE	95	75	75	70	70	75
NTHAM/IND	95	80	96	93	-	85
STAFFSHIRE	90	88	88	83	75	80
YORKSHIRE	91	85	90	77	74	77
AVERAGES	92	87	83	88	73	84
ENGLISH						
ENGLISH	90	88	80	82	80	90
SCOTLAND						
BORDERS	-	85	-	90	-	95
CENTRAL	-	-	-	-	-	-
DUMF & GLWY	-	90	-	90	-	94
RISE	-	-	-	-	-	-
HIGHLAND	94	92	95	-	-	-
LOTHIAN	97	93	97	98	-	95
ORKNEY	-	-	-	-	-	-
SHEPHERDIA	-	-	-	-	-	-
STRITCHLYD	85	70	80	-	-	80
TAYSIDE	97	95	96	90	-	90
WEST ISLES	-	-	-	-	-	-
AVERAGES	93	88	92	92	-	91
WALES						
CLWYD	-	-	-	94	-	94
DYFED	96	82	-	94	-	96
GWYNEDD	90	88	-	80	-	90
M GLAMRGN	90	90	80	80	-	80
POWYS	82	91	89	88	-	88
S GLAMRGN	100	90	70	90	-	85
W GLAMRGN	-	-	-	-	-	-
AVERAGES	88	89	78	88	-	89
GREAT BRITAIN						
GREAT BRITAIN	89	86	79	83	80	87



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Professors seek £100m to halt the decline in British research

By Sheila Gunn, Political Staff

The decline in British science may now be irreversible because Britain had lost the lead in many areas of research forever, a group of eminent professors have said.

The Save British Science organization, in evidence going to a House of Lords committee this week, has described "the crisis" facing scientific research because of lack of money and the escalating "brain drain" of the country's best scientists.

It urges the Government to give £100 million emergency help to restore confidence before more areas of vital research go abroad.

Since it was launched with an advertisement in *The Times* thousands of scientists have joined the Save British Science campaign. It now has the support of more than 100 fellows of the Royal Society, including 11 Nobel laureates

and many vice-chancellors and presidents of learned societies.

"While the scale of the response has justified our original initiative, it has left us more concerned," the group says.

It quotes numerous examples of British-born scientists who had "voted with their feet" and gone to the United States and other European countries.

"A country which falls behind will lose its best scientists, will be discounted as a worthwhile collaborator in international projects; its young scientists will not be trained in the latest methods of science, and its industry will be unable to compete with those of other countries investing."

Britain had now lost the best of its scientists in the 30-45 age group in some subjects. The group was critical of the

Government's policy of supporting research only when there were "perceived economic benefits".

"We will not comment here on the lack of wisdom in such a narrowly short-sighted view of its responsibilities for basic and long-term research, but instead consider whether the Government's practice of reducing the resources it makes available for civil research is having the desired effect of strengthening support for research with economic potential. On the experience of our correspondents, it is not."

The group has passed on to the Lords' committee the experiences of many scientists. For example, the department of zoology at Edinburgh University, reported a 50 per cent drop in research staff and no staff remained under the age of 35.

Bumper BBC coverage of Games

The BBC will mount its biggest outside broadcast next month to bring coverage of the Commonwealth Games in Edinburgh to nearly one billion people around the world.

The operation has cost £14 million and will provide about 120 hours of television

and 100 hours of radio for athletics devotees in Britain.

The BBC will be providing coverage and facilities to 60 countries.

The facilities include seven television studios and 11 radio studios linked by 40 miles of cable and 700 circuits.

Mr "This is the first time we have acted as a host broadcaster," Mr Brendan Slamin, BBC project director for the games, said.

For the purpose of the corporation will be taking 1,000 broadcasters to Edinburgh to provide 450 hours of coverage

Hippies on bail leave county in peace

By Craig Seton

Hippies arrested during the police operation to protect Stonehenge over the weekend appeared yesterday to have obeyed bail conditions imposed by magistrates that they should leave Wiltshire.

Two hundred and ten members of a hippie convoy were arrested on Friday after they were evicted from a farmer's land and refused to disperse in smaller groups.

When the first of them appeared before courts in Salisbury and Swindon on Saturday magistrates said they would be granted bail on condition that they left the county by midnight.

Yesterday Wiltshire police said: "There have been no arrests for breaches of bail conditions."

The ancient monument was closed to the public from Friday morning. About fifty members of the Secular Order of Druids and nearly 200 other people were allowed on to the road alongside Stonehenge at dawn on Saturday to take part in a summer solstice festival.

● The Glastonbury festival in Somerset, Europe's biggest open air pop festival, will be scrapped next year, because it is too popular. Police estimate that up to 100,000 people massed at the site yesterday, breaking all crowd limits and causing traffic chaos.



Face painting yesterday at the Pilton festival, the future of which is in the balance because of crowd restrictions.

Black patches in the boom picture

House prices: 1

House prices have been rising dramatically in recent weeks, especially in London and the South-east. Average increases, however, conceal wide variations and Christopher Wainwright, Property Correspondent, looks behind the averages and explains the reasons for the boom.

In many parts of Britain, notably in areas of high unemployment, there are home owners who know nothing about the present housing boom. For them there is little hope of making a large profit by selling their house, and they are doing well if their house value rises by as much as general inflation.

Elsewhere there are those who have never known it so good, as the latest Halifax house price survey shows. Between May and June, the annual increase jumped from 10 per cent to 11 per cent, with house price inflation running at more than three times the retail price inflation.

With the average price of secondhand houses now at £37,080, 11.3 per cent higher than a year ago, and the average price paid by first-time buyers at £27,770, 10.2 per cent up, there are clearly areas where the increase is greater and where other regions can manage little more than 3 or 4 per cent increases.

In the Royal Institution of Chartered Surveyors' June survey, Bryon and Granger, of York, report buyers bidding prices up by as much as 20 per cent because of the shortage of good property. In Derby, Richardson and Linnell describe the market as "buoyant" but say that prices seem likely to remain in line with or slightly above the rate of inflation.

four-bedroom detached house costing £71,500 last June was recently put on the market at £82,500 and is under offer at £80,000.

In the fashionable parts of London, the increases are larger. Winkworths, with offices throughout the capital, point to Fulham in south-west London, where a three-bedroom semi-detached house in Dunsin Road last June fetched £110,000—considered a high price there—and a similar house next door is now on the market for £142,000.

Pimlico, in the city's south-west, is another booming area, where a four-storey, modernized house in Alderney Street has increased from £158,000 last September to £220,000.

In Tachbrook Street, a maisonette with two bedrooms and two reception rooms went from £95,000 last July to £142,000 in May, and a one-bedroom flat in Cambridge Street increased from £52,000 in February 1985 to £63,500 in January 1986, and — now remodelled — to £79,000 in May.

Savills' buyers guide shows that one would expect to pay £100,000 for a one-bedroom flat in Chelsea, Kensington or Holland Park compared with £80,000 a year ago, £285,000 for an average three-bed cottage in Chelsea compared with £250,000 a year ago, and £425,000 for an average 3/4-bedroom house in Kensington or Chelsea compared with £325,000 — a 30 per cent increase.

At that upper end of the market, Victoria Mitchell, of Savills, explains that the sustained increase over the past four years has been due to the influx of overseas buyers because of the apparent social stability of the UK and the weak pound of 1984-85.

Generally, the late start to the spring house-buying merry-go-round because of the long winter has concentrated buying and selling into a short period, making the increases more obvious.

The reduction in mortgage interest rates and the increasing number of institutions wanting to lend money has accelerated the merry-go-round, and with salaries continuing to outstrip inflation, buyers are still trying to jump on it, he says.

Tomorrow: Can the boom last?

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Sale room

Dealer's £1.7 million gamble on Mantegna

By Geraldine Norman, Sale Room Correspondent

An unnamed European art dealer took a £1.7 million gamble in Monte Carlo on Saturday night when he acquired a painting of the "Holy Family" attributed to Mantegna at a Sotheby's sale.

The painting, hitherto unknown, belonged to a family from Marseilles. It was painted in tempera on linen, perhaps about 1495, but had been heavily overpainted in oils in later centuries.

The new owner will have the privilege of removing the overpaint and discovering how much of the original tempera survives below. He will then need to canvass scholars' opinions as to whether it is by the great Renaissance master himself or merely from his school.

Sotheby's attributed the picture to Mantegna himself, but there have been many doubters.

If the picture turns out to be in a good state and the attribution is generally accepted, the owner could find himself with a painting worth more than £5 million.

Another Mantegna "Holy Family", also painted in tempera on linen and in perfect condition, became the most expensive painting ever sold at auction when the Getty Museum paid £8.1 million at Christie's last year. A price of this order might be achievable, although a tempera painting

which has had oil overpaint cleaned off will never look as good as new.

Sotheby's was well aware that the purchase of the painting in its present state was a gamble. It had published a detailed condition report by Herbert Lank, the leading London restorer, at the back of the catalogue. Sotheby's Saturday evening sale made £3.4 million with 8 per cent unsold.

A sale of more routine pictures yesterday proved more difficult with 51 per cent unsold and total receipts of £489,742.

The other star of the sale was a Dutch interior, "The Doctor's Visit", by Frans van Mieris, with a young woman in a fur jacket and satin skirt slumped in the foreground while a mournful doctor holds her urine sample to the light. It is a favourite subject with Dutch painters. This Mieris, of which there are many inferior versions, sold to an American dealer for £330,419, a new auction price record for the artist.

Two French provincial mansions were among the purchases. Marly spent £47,498 on a dog with his eye on a pheasant and a partridge by Desportes. It is believed to have been commissioned for Louis XV's own rooms at the Chateau of Petit-Bourg. Marseilles secured a "Virgin and Child" by Mignard at £45,433.

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Cricketers helped by Getty

Mr John Paul Getty II, the American multi-millionaire philanthropist, has given £5,000 to help a small Yorkshire cricket club.

Officials at Sowerby Bridge cricket club which plays in the Halifax League wrote to Mr Getty after their pavilion was burnt down last October.

Mr Leyland Smith, the club chairman, said yesterday: "Out of the blue we received a letter from one of his representatives saying he had been distressed to hear what had happened."

The new pavilion, which cost £60,000, opens on Sunday.

Cafe gets an Italian knight

Customers at Tony Viazzani's cafe are in for a special treat, because their meals are to be served by an Italian knight.

Mr Viazzani, aged 62, has been knighted by the Italian president after a lifetime raising thousands of pounds for local and Italian charities.

In spite of his honour, customers at his Station Cafe, in Merrhyr Tydfil, Mid Glamorgan, will not have to address him by his official title.

"They can just carry on calling me Tony — but I bet they've never been so merry and toast by an Italian knight before," he said.

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Library charges of up to 30p a book urged by right-wing group

By Michael Horsnell

A call for charges of up to 30p a book to people who borrow from public libraries will be made today in a report certain to attract condemnation.

The call is made by the right-wing research body, the Adam Smith Institute, which is seeking the most comprehensive reform in the 130-year history of public library provision in Britain.

Already the report has been decided by the Library Association and the Society of Authors.

The all-in cost of running libraries, through rates and taxes, is about £350 million a year, and about 645 million books a year are freely lent to the 30 per cent of the population which takes advantage of the service.

The time has come, the Adam Smith Institute says, to think again about a system that was conceived when people could not afford the cost of purchasing books.

The report says that well over half of library borrowings are of fiction and that a significant proportion even of non-fiction is classified as light reading, whereas reference material amounts to only one-eighth of stock.

The report says: "Invoking the great names of education and enlightenment, it has become a system which largely supplies free pulp fiction to those who could well afford to pay for it."

The institute suggests that the educational role of library and reference services is of paramount importance, and that user charges could bring the resources needed for that role to be carried out.

The proposal is that library members should pay an annual charge of £4 and a borrowing charge of 30p per book, equivalent to about two-thirds of present library income from rates and taxes.

A daily fee of £1 is suggested for use of reference facilities; with reduced rates for the young, elderly, students and unemployed. That would bring in the equivalent of up to a third of present revenue.

The charges would also deter alcoholics, vandals and others who misuse facilities and occasionally attack staff.

Great potential for advertising revenue from book covers, bookmarks and sponsored racks is also identified.

Dr Eamonn Butler, director of the institute, told *The Times*: "We think it is an idea whose time has come and that some debate is appropriate. We need to look at what libraries are there for."

The institute wants officials and decision-makers to establish a review body to look at the role of libraries.

Repeal of the statutory prohibition on charges for lending books contained in the Public Libraries and Museums Act 1964 would be necessary to end historically free borrowing.

But the Office of Arts and Libraries said yesterday that Mr Richard Luce, Minister for the Arts, supports the continuation of free lending.

Mr George Cunningham, chief executive of the Library Association, which has a membership of 22,000 librarians, said: "The institute seems to think that it is more excusable to charge for fiction. They should remember that *Hamlet* is fiction."

"For the past 100 years and more the free public library has been a staple for self-improvement. We have always argued that there are some things which it is appropriate for people to buy and other things for them to buy communally. Books belong to the latter."

Mr Mark Le Fanu, general secretary of the Society of Authors, added: "Perhaps more than free entry to museums, the free lending of books should be sacrosanct."



Natalie Andrews, aged seven, from Wimbledon, telling Santa Claus her Christmas wish in London yesterday for a survey to find the year's favourite toy (Photograph: John Voos).

Uniform change angers nurses

A health authority's decision to banish nurses' caps from its hospital wards as outmoded and unhygienic is being condemned by the Royal College of Nursing.

The decision by East Dyfed Health Authority to rule out caps as part of a new policy on uniforms has provoked a flood of complaints and has drawn hospital consultants into the controversy.

In spite of warnings to nurses and students that they will be disciplined if they ignore the regulations, no action has been taken against nursing sisters, who insisted on keeping their caps.

Any of the 2,200 nurses involved who decided to defy the order to go bare-headed would be supported all the way, a college spokesman in London said. "There is no

evidence that the wearing of caps is unhygienic."

The logical extension of that, they say, would be for nurses "to carry out their duties in the nude".

Obscenity report backs crime link

By Gavin Bell, Arts Correspondent

Mrs Mary Whitehouse is to urge Mr Douglas Hurd, Home Secretary, to tighten up Britain's obscenity laws after receiving an advance copy of a report by the United States Justice Department that concludes there is a cause and effect relationship between pornography and acts of sexual violence.

In particular, it was convinced that such material led to a greater acceptance of the "rape myth" - that women enjoyed being coerced into sexual relations and that consequently a man who forces himself on a woman is only acceding to her "real" wishes.

Mrs Whitehouse, president of the National Viewers and Listeners Association, will present the report to Mr Hurd on July 3, shortly before it is due to be published in the United States.

It added that the view of women as available for sexual domination was a cause of more widespread discrimination against women in society.

The American report, which Mrs Whitehouse was given permission to release in advance in Britain, makes 93 recommendations for stringent new laws to control pornography and for imposing much stiffer penalties.

The commission said perhaps the most significant potential harm was to children.

Mrs Whitehouse said: "There is no room for complacency on our part since pornography produced in Britain, including child pornography, is exported to the States and the British police lack the power to halt this evil and corrupting trade."

"For children to be taught by these materials that sex is public, that sex is commercial, and that sex can be divorced from any degree of affection, love, commitment, or marriage is, for us, the wrong message at the wrong time."

"New and effective legislation is long overdue, for the situation is now very different from that which pertained at the time of the passing of the 1959 Obscene Publications Act. The grossly violent and perverted material which is now so widely available was unknown then."

Dr James C. Dobson, a member of the US commission, supported Mrs Whitehouse's view that sex films and magazines had become a great deal more explicit and violent in recent years.

A key excerpt in the report

found depicted in adult book stores in New York.

Language difficulty for blacks

By a Staff Reporter

The under-achievement of black schoolchildren is partly due to their speaking a different form of English from their teachers.

That is a conclusion of a two-year research study by Dr Ashton Gibson, director of the Centre for Caribbean Studies in London.

According to the report, published yesterday, more than half the 508 young people interviewed do not attach the same meaning to many everyday expressions as white Britons and nearly 80 per cent sometimes have difficulty in understanding what the teachers are saying.

The study, financed with the assistance of the Manpower Services Commission, also shows that 56 per cent speak differently at home.

Dr Gibson said: "Almost all English-speaking West Indians use a mixture of Creole and standard English that is neither one thing nor the other. In Britain this places them in a kind of linguistic no man's land, which is symbolic of their situation overall."

Dr Gibson argues that to suggest everyone should speak in standard English is a form of unintentional racism and that English should be taught as a second language.

Stress, which reveals itself in low self-esteem, depression and anti-social behaviour, is regarded as another big cause of the educational difficulties endured by West Indians.

Electronic car 'in 10 years'

By Bill Johnstone, Technology Correspondent

Within 10 years the average car will be computer controlled and contain more than £1,000 of electronics, more than twice the present amount.

The findings have emerged from Mackintosh, the Luton-based market analysts, which is conducting a study into world trends in automotive electronics.

The typical car will be opened with a radio-controlled key pad and will be started by "punching-in" a security code into the car's computer.

The vehicle will then immediately go through a series of tests and give the driver a report on the car's mechanical state.

The car's computer-based navigation system will advise the best route to take to the destinations given to it by the driver.

Other electronics in the car will ensure that the headlamps and windscreen wipers come on automatically with their brightness and speed adjusted according to weather conditions.

The average car in America now contains \$600 of electronics, an amount that will more than double by 1995. Within 10 years rear-view video cameras, vehicle collision warning systems and four-wheel steering will be among the new electronically-controlled car features.

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The price of food would soar without them.

Fertilizers do more than simply increase crop yields and livestock output; they reduce the cost of food production - by a dramatic 70% in the case of wheat.

You can imagine how that affects the price of a loaf of bread.

If we had no fertilizers, the price of food to the consumer would automatically increase; a loaf of bread would cost considerably more than at present. The efficient use of fertilizers by farmers has played a vital role in keeping all food prices down.

Without them, food imports would rise considerably, with an unpleasant impact on our balance of payments. Agriculture's direct contribution to our gross domestic product - around £5,000 million in 1985 - would drop, making matters even worse.

Of course, the current surpluses in production resulting from recent agricultural policy present a new challenge. But the farming industry has a proven record of successful adaptation to change.

A natural food for plants.

There's no mystique to fertilizers. They're natural chemicals, part of the normal cycle of plant nutrition required for healthy growth. They increase the fertility of the soil, as animal manure does.

But whereas manure can only deliver a haphazard range of nutrients, fertilizers can be tailored to suit specific plant types, and timed exactly to suit each stage of growth. All in all, the benefits of fertilizers to plants are an economic benefit to us all.

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Christopher W...

£1.7 million
an Mantegna

Cafe gets
an Italian
knight

Scathing attack on South Africa

Waite defies Botha and broadcasts name of jailed black bishop

By Nicholas Beeston

Mr Terry Waite launched a scathing attack on the South African Government yesterday, breaking the new emergency laws and claiming he was "fobbed off" by the authorities during his visit.

Speaking by telephone in a BBC radio interview from Johannesburg before his return to London today, the Archbishop of Canterbury's special envoy said he knew his conversation was being monitored, but nonetheless broke an emergency regulation by naming the detained Suffragan Bishop of Johannesburg, Sigismund Nowandwe.

"The way the black and Coloured community here are being treated is nothing short of disgraceful. This system of government is a total sham... This country is in the very strong grip of the security forces."

Mr Waite, who was on a fact-finding mission for the Archbishop of Canterbury, described how he had accompanied the wife and son of the detained bishop to the prison where he was being held, but said security forces refused to let them see the cleric.

"He was detained for absolutely nothing and the world should know that," said Mr Waite. The arrest was a cause for "international concern" and the sooner the world was

Dutchman held

Father Jan Bossa, a Dutch Roman Catholic clergyman, has been arrested by South African police under the state of emergency there, Dutch television reported yesterday (AP reports from Amsterdam).

When contact was restored, the interviewer asked if he realized he had broken the law and could face arrest. Mr Waite said: "I am perfectly prepared to face the consequences."

"Absolute power corrupts absolutely, and at the heart of this system there is an evil which must be combated."

In another development, Cape Town residents and church organizations who spoke by telephone to The Times in London said there could be violence today when security forces round up thousands of homeless blacks from the Crossroads squatter camp for forced resettlement in a township 20 miles from Cape Town.

Crossroads is to be redeveloped as black housing for a smaller number of people, mostly conservative blacks who were involved, allegedly with the support of agents of the state, in burning down the shacks of other residents in recent fighting.

Most of the refugees have since been sleeping rough, or sought shelter in churches and mosques in townships.

However, following a Government order, they are expected to be evicted by force to the Khayelitsha (New Home) township.

A spokesman for a church group in London said Cape Town clergy had declared they were committed to letting the squatters remain in churches, and that police would have to remove them physically.

The Cape crackdown coincided with reports that the security services were still out in force elsewhere.

A resident of Soweto said yesterday: "The Army is still carrying out numerous armoured patrols through the township and further arrests have been made, although not on the same scale as last week."

"The feeling is that the clampdown on the townships will remain in effect possibly until the end of the year. And the political activists in hiding will have no option but to take action."

Times of an alleged tear-gas attack on a church in KwaThema township, near Johannesburg, in which several babies have been killed. Mr Waite said he could not confirm this, but he had been told of many similar incidents in which tear-gas had been fired into churches.

Church leaders' arrest condemned

From Michael Hornsby, Johannesburg

Mr Waite, is due back in Britain today after six days in South Africa gathering information for a report to be circulated to Anglican churches worldwide.

"I have come across a great deal of information, most of which I find distressing and distasteful," he told a press conference at the residence of Bishop Desmond Tutu, Anglican Bishop of Johannesburg, on Saturday.

He said he would speak more fully about what he had seen and heard when he was in "a freer atmosphere".

Pretoria denies report of attack on church

By Our Foreign Staff

The South African Government yesterday denied a report in The Times on Saturday stating that security forces made a tear gas attack on a church in the town of KwaThema on Thursday in which several babies and one child died.

A statement issued by the Bureau for Information on Saturday said:

"According to a report which appeared in The Times of London today, South African forces fired tear gas on Thursday into a church in a town near Johannesburg, fatally injuring several babies and causing the death of a child. The paper also said it was impossible to check the account.

Dutch bid for EEC package

From Richard Owen, Brussels

The Netherlands is urgently seeking a compromise package of "positive" and "negative" sanctions against South Africa to be adopted by the EEC summit in The Hague, which opens on Thursday.

Police quiz holiday bus driver

From Harry Debelius, Tarragona

The driver of a holiday coach which crashed near here, killing three Britons, remained in his Tarragona home yesterday after being questioned by an investigating magistrate about police allegations that he had rested only one and a half hours in the 19 hours before the accident.

A representative of the Portland-Thomson travel agency in nearby Salou, which sent the bus to bring British holidaymakers more than 120 miles from Gerona airport to hotels in this area, denied that the driver, Senor Esteban Garcia, aged 33, had been driving longer than he should have, and showed a reporter a pencilled dispatch sheet to support his argument.

The three who died have been named as Mr Albert Wood, aged 62, of Headington, Oxford, and Mr Wilfred Davies and his wife Enfield, both aged 56, of Enfield, Middlesex. Their bodies were expected to be flown back to Britain yesterday, according to a British consular representative.

Beirut ambassador appeals for release of two Britons

From Juan-Carlos Guncacio, Beirut

Sir John Gray, the British Ambassador to Lebanon, has appealed again for the release of two Britons held hostage by radical groups, which claim to have killed one of the men.

The appeal was made in a statement published yesterday in L'Orient-Le Jour newspaper followed a similar call printed by Lebanon's leading daily, An-Nahar, on Saturday.

The Ambassador's message came after two Frenchmen, two Cypriots and nine Lebanese Christians, who had been kidnapped by different groups in mostly-Muslim west Beirut, were freed over the weekend.

Police rescue militant in roadblock protest

From Ian Murray, Jerusalem

The militant chairman of a small committee set up in Jerusalem to campaign against violence by the ultra orthodox community had to be rescued by police on Saturday after provocatively driving his Mercedes into a street unofficially closed off.

The street had been sealed off with rubbish bins during the afternoon of the Sabbath. Mr Avraham Fritzi decided to challenge these unofficial road blocks.

As he approached the rubbish bins his car was surrounded by a furious crowd of Hassidim, as the ultra orthodox are called. Mr Fritzi got out of his car, drew a pistol and fired warning shots into the air but the angry crowd closed in.

Swiss to vote on reactors

From Alan McGregor, Geneva

The Swiss socialist party, second grouping in the coalition Government, will launch a new initiative calling for the phasing out of the country's five nuclear power reactors with a halt to further construction.

The start of work at Kaiseraugst, one of two projected plants has been delayed for a decade by local opposition.

The socialist initiative, to be voted on in a national referendum, probably after the end of next year, is the third such move. Referendums in 1979 and 1984 produced a narrow majority for nuclear power which now provides almost 40 per cent of Switzerland's electricity.

Journalists on hunger strike

Dhaka (Reuters) - About 50 Bangladeshi journalists began an indefinite hunger strike to protest against a move by a publishing house to close its two newspapers following an industrial dispute.

The journalists said their "fast-unto-death" would continue until the owners of The Bangladesh Observer and The Chitrali settled all wage disputes and scrapped a plan to shut the papers.

Poles detained after rally

Warsaw (Reuters) - Two leading Polish opposition figures were detained by police after attending an unofficial rally marking the 10th anniversary of a strike near Warsaw, eyewitnesses said.

Jack Kuron, Jan Jozef Lipski and at least three other people were seen being led into a police station after a church mass and wreath-laying ceremony at a monument commemorating the strike at the Ursus tractor factory 10 years ago on June 25.

Death at 112

Lyon (AP) - Mme Eugenie Roux, believed to be the oldest Frenchwoman, has died aged 112, the Lyon City Council said.

Paris bomb

Paris (AP) - A small bomb broke windows and caused other minor damage to the French headquarters of the multinational Rothmans cigarette company, but no injuries were reported.

Cabinet quits

Paramaribo, Suriname (AP) - Prime Minister, Mr Wim Udenhout says his Cabinet will resign today in an effort to bring the country's three largest political parties into the Government. A new cabinet is expected to take office on July 15.

£16m painting

Monte Carlo (Reuters) - A previously unknown painting by the Italian Renaissance master Andrea Mantegna depicting Mary with the baby Christ has been sold to a European art dealer for £16.6 million at auction here.

US attacked

Moscow (AFP) - The Soviet media marked yesterday's 45th anniversary of the Nazi invasion of the Soviet Union with scathing attacks on the US Government and warnings against it seeking to dominate the world.

Dromedary

Riyadh (AFP) - The first commercial dromedary dairy in the world has been set up here, and initial demand for the camel milk at £1.20 a litre has been good, the Jeddah-based Arab News reported.

£10m winner

Sacramento (UPI) - Paul Donner Spencer, aged 64, a writer who specializes in trivia books and short stories, has won a \$15.22 million (£10) lottery.

Sexism claim

Tel Aviv (Reuters) - Israeli state prosecutors stopped work for an hour in protest against what they called sexist slurs made by members of the Cabinet against three women attorneys involved in an investigation of the Shin Bet security service.

Market blast

Colombo (Reuters) - Security authorities clamped a curfew on the farming district of Kantulaj in Sri Lanka's eastern province after the death toll from a parcel bomb explosion at the local market rose to two.



Luciano Pavarotti, the Italian opera singer, is greeted with a bouquet of flowers on his arrival at Peking airport yesterday and responds with a kiss for the girl who welcomed him to China.

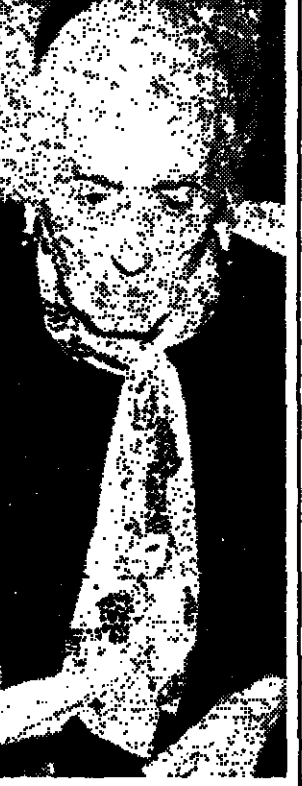
Hu seals link with Italian communists

From Peter Nichols, Rome

The Italian Communists reception at the weekend for Mr Hu Yaobang, the Chinese Communist leader, is seen to seal a new stage of understanding between the two parties.

This result alone would have given significance to Mr Hu's European tour. The warm public embrace which the Chinese leader gave Signor Alessandro Natta, the Italian party secretary, was a sign of a notable identity of views between the heads of the party governing the biggest Communist nation and the biggest party in the West, which has been distinguished by its doctrinal originality.

Relations between the two parties were cold for some 18 years while the Italians were developing their theories on the autonomy due to national parties.



Dolores Ibaruri, aged 90, the Spanish Communist "La Pastonara", voting in Madrid yesterday.

Vietnam sacks 7 ministers

Bangkok (Reuters) - Vietnam sack yesterday that Deputy Prime Minister, Mr To Huu, had been replaced and seven economic ministers dismissed.

Chile hit by floods and anti-Government protests

Students flout crackdown

From Lake Sagaris, Santiago

Chilean students and other opposition groups have stepped up peaceful assemblies, marches and other activities despite the harsh response by the military Government to their week-long national strike.

For the first time ever, police entered the Roman Catholic university's campus last Wednesday and arrested 80 students.

Garcia to hold inquiry into prison revolt

By Our Foreign Staff

The Socialist International, meeting in Lima, has recommended that foreign observers should sit in on an inquiry into the bloody prison riots in Peru, the organization's president was quoted as saying yesterday.

Herr-Willy Brandt, the former West German Chancellor, told the West German newspaper Express that he and other officials of the organization had lengthy talks with President Garcia of Peru about the revolts.

More than 150 left-wing guerrilla inmates were killed in Thursday's riots, according to official figures.

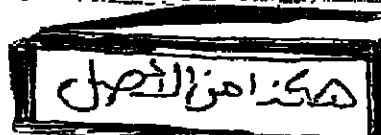
Libyans give new names to the months

Paris (AFP) - Libya is to rename the months to refute imperialist cultural alienation, the Libyan news agency Jana reported yesterday.

The new terms, it said, reflected glorious Arab history and the Arab environment, and have been introduced immediately.

Market blast

Colombo (Reuters) - Security authorities clamped a curfew on the farming district of Kantulaj in Sri Lanka's eastern province after the death toll from a parcel bomb explosion at the local market rose to two.



APR 10 1986

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Seven in Ghana plot are executed

Seven people found guilty of plotting a coup in Ghana were executed yesterday. Accra radio reported that the men were sentenced to death in May and their plot was turned down last month by the army.

Journalists on hunger strike

Reuters - About 100 journalists began a hunger strike in London yesterday to protest against a move by the British press to close down the papers following a dispute.

Poles detained after rally

Reuters - In opposition to the government, 100 Poles were detained by police after a rally in London yesterday. The rally was held in support of the Solidarity movement in Poland.

Death at 112

Reuters - An 112-year-old woman died in London yesterday.

Paris bomb

Reuters - A small bomb exploded in Paris yesterday, causing minor damage.

Cabinet quits

Reuters - The cabinet of the government of the Republic of the Congo resigned yesterday.

£10m painted

Reuters - A painting worth £10 million was sold in London yesterday.

US attacked

Reuters - The United States was attacked in a speech by a member of the British House of Commons yesterday.

Dromedary

Reuters - A dromedary was found in London yesterday.

£10m winner

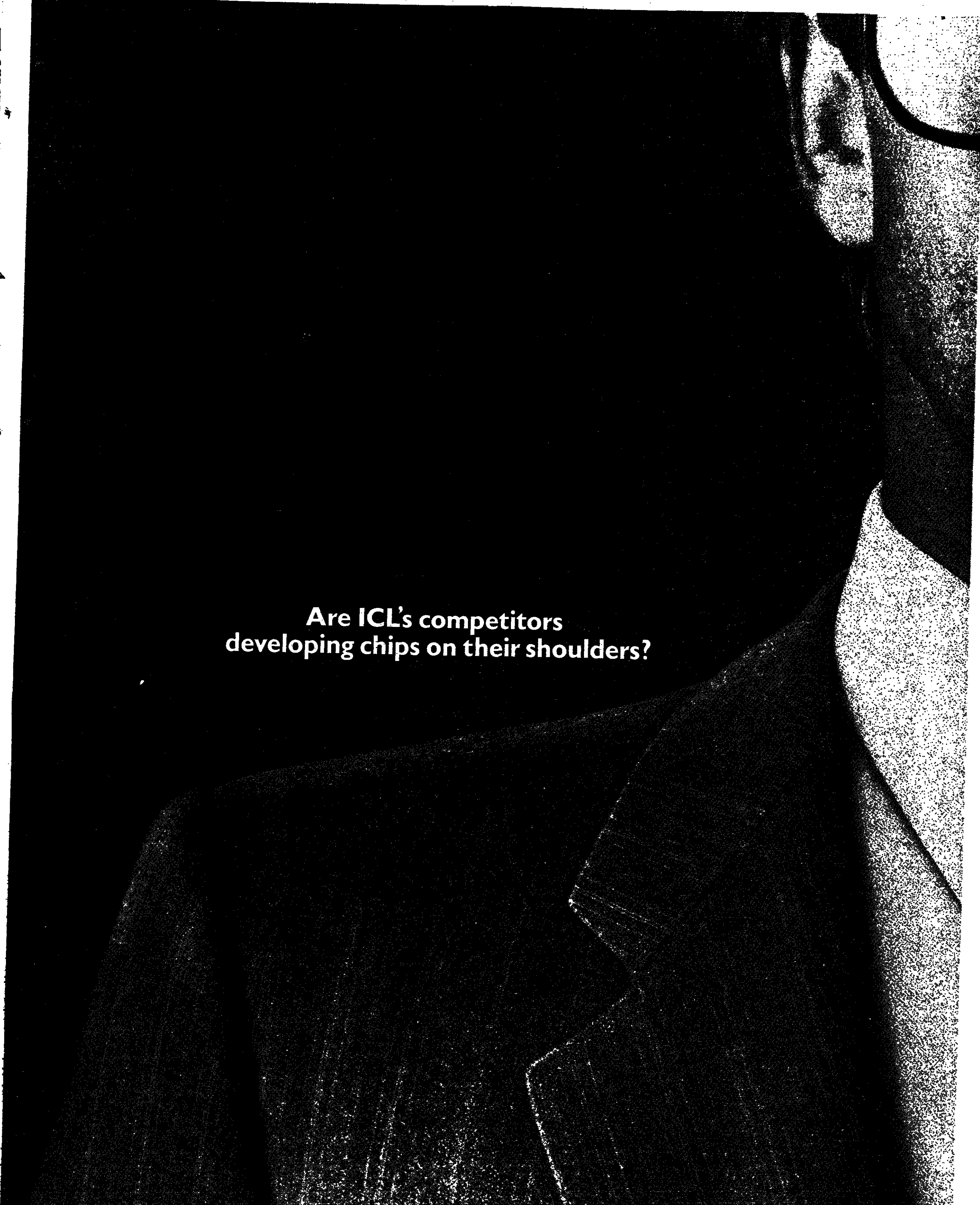
Reuters - A £10 million lottery winner was announced in London yesterday.

Sexism class

Reuters - A class on sexism was held in London yesterday.

Market

Reuters - The stock market was closed in London yesterday.



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Clemency hopes fading after tearful reunion on Malaysia death row

From M G G Pillai, Kuala Lumpur

Mrs Sue Chambers spent three hours yesterday morning with her condemned son, John Kevin Chambers, one of two Australians sentenced to death for drug trafficking and soon to mount the gallows of Kuala Lumpur's Padu Prison.

Red-eyed and puff-faced after the meeting, Mrs Chambers was rushed through the prison's iron gates and into a waiting car, supplied by the Australian High Commission, and whisked away. She told reporters that her son was "brave about it all ... it is very upsetting."

The second Australian on death row, Brian Geoffrey Barlow, was visited by his 17-year-old sister, Michelle. His mother, Mrs Barbara Barlow, was not up to making the visit yesterday and will instead go to the prison this morning.

No date has been set for the execution of British-born Barlow, aged 29, formerly of Trent Vale, Stoke on Trent, and of Chambers, aged 28, of Perth, Western Australia. Government sources, however, say they could be hanged as early as Thursday and any delay will not exceed a fortnight.

The hangings will be the first in Malaysia of Caucasians since the Japanese Occupation in the Second World War.

The two were doomed on Saturday when the Pardons Board in Penang rejected their appeals for clemency and the Governor, Mr Tun Awang Hassan, ordered the sentences to be carried out.

Barlow's lawyer, Mr Karpal Singh, will attempt to ask the Governor today for a stay of execution pending other possible legal measures. But Mr Singh admitted that "barring a miracle the executions will be carried out and soon".

Mrs Barlow is also appealing for clemency to Malaysia's King-elect, Sultan Mahmood Iskandar.

Normally executions are carried out within five days of the Pardons Board's decision, but Malaysian authorities have said reasonable time will be given for the next of kin to come from Australia. However, since they are already here, there may be no need to delay further.

The three women arrived just hours after the Pardon Board's decision, highlighting one aspect of cheque-book

journalism. Their visits were organized and paid for by two Australian television stations and a newspaper and had been kept secret from the rest of the press corps. This has upset local and foreign newsmen alike.

Barlow and Chambers were arrested in November 1983 as they left Penang Airport for Australia with 179 grammes of heroin. They were sentenced to death in August last year and their appeals to the Supreme Court were rejected a few months later.

The Government's reluctance to hang women and whites was overcome three years ago when a 49-year-old grandmother was hanged for drug trafficking. It seems imminent that the Barlow and Chambers' case is about to break the second barrier.

Peer's protest: Lord Gifford, sponsor of the National Council for the Welfare of Prisoners Abroad, said in a statement:

"I am deeply saddened by the taking of life in cases of this kind. I am appalled at the decision on Kevin Barlow in particular because I believe he may well be innocent."

Barlow's family afraid plea will fail

The family of British born Kevin Barlow, facing a death sentence in Malaysia, yesterday said they expected a last-minute plea for clemency to fail.

Barlow's uncle, Mr Bill Austin, said from his Stoke-on-Trent home that he believed his nephew's fate was sealed as soon as he was arrested.

Mr Austin, aged 36, said he feared the Malaysian authorities had decided at an early stage to make an example of Barlow, aged 28, whether he was guilty or not.

Mr Austin said he had twice telephoned his sister, Mrs Barbara Barlow, since she arrived in the Malaysian capital of Kuala Lumpur to make a last-minute plea for clemency.

Mr Austin said: "It will just fall on deaf ears, I should imagine."

"I just can't see any way the Malaysian authorities will stand back from what they have already decided."

Mr Austin said his sister was extremely shocked to be told of the Parole Board's decision to uphold the death sentence.



A soldier delivers a karate blow to a supporter of the deposed former President Marcos. He had been arrested yesterday during riots which broke out during a rally outside the armed forces military

headquarters in Manila (UPI reports). Five thousand Marcos loyalists, who tried to barricade the street with buses, hurled rocks and lobbed tear-gas shells back at riot

police. The loyalists had been expressing support for Mr Juan Ponce Enrile, the Defence Minister, after rumours that he had split with President Aquino and mounted a coup.

Colombia landslip kills 15

Bogotá (AP) — A huge landslip that crashed across a highway in southern Colombia killed at least 15 people, according to official reports. Witnesses were quoted as saying 200 may have died.

The disaster occurred on Saturday near the town of La Piragua, 22 miles from the Ecuadorian border.

Witnesses said a smaller landslip blocked the highway, and people were walking across the mud-covered area and buses were waiting when the second landslip struck.

Row over 'vetting' of judges

From Christopher Thomas Washington

President Reagan launched a determined counter-attack at the weekend to ensure that Democratic opponents do not thwart his attempt to leave a distinct conservative stamp on the judiciary well into the next century.

He has been stunned by surprisingly successful Democratic moves to block the process, which has already gone far enough to leave a lasting impression on the federal bench.

Although political vetting of potential judges is, strictly speaking, disallowed, in reality new judges tend to share Mr Reagan's conservative ideology and especially his strong anti-abortion opinions.

Reagan standards under fire

Two small polyps removed from President Reagan's intestines during a five-hour medical examination on Friday were benign, his personal physician announced on Saturday. Mr Reagan was given the news as he rested at the Camp David retreat.

Simply failed to conform to "liberal ideology". Many legal scholars and Democratic senators however have criticised the standards of his appointments in his second term.

A fortnight ago the Senate judiciary committee for the first time rejected one of Mr Reagan's nominations. They turned down Mr Jefferson Sessions as a federal district judge in Mobile, Alabama on the grounds that he had made racially insensitive remarks.

Last month the committee voted nine-nine on recommending Mr Daniel Manion, a conservative Indiana lawyer for a seat on the US court of appeal in Chicago. The full Senate will now vote on the nomination.



Geoffrey Smith

When I first flew into Oslo 20 years ago I felt that Norway was a country very much on the edge of Europe, not only geographically but socially and psychologically as well. It was an impression confirmed on subsequent visits, and never more than during the referendum campaign in 1972 when the Norwegians voted to stay out of the European Community.

The principal reason for that decision was a fear that Norway's distinctive way of life would be Europeanized. "Life is good in Norway; don't let Brussels ruin it" — that was the tenor of much of the argument at that time.

But the most powerful of all the impressions I received in Oslo last week was of Norway's increasing sense of European identity. The question of membership of the European Community is now coming back on to the political agenda for the first time since the referendum, and under the Labour minority Government that took office there is a deliberate Europeanizing of Norwegian foreign and defence policies.

New generation with new ideas

Another Norwegian application to join the Community will certainly not come before the next general election in 1989. Even then no party may be willing to risk such a controversial initiative. So it may be that Norway will wait until the later 90s or until some unforeseen development precipitates the issue.

But it now seems to be a question of when rather than whether. That is because of the way in which attitudes are shaping in the political parties and among other opinion-formers.

Few of those who wanted to join in 1972 have changed their minds in the meantime. A new political generation, which does not feel bound by that decision, has come along since then. There is also a special reason why a number on the left who opposed membership last time are now in favour.

It was accepted on both sides of the debate 14 years ago that one of the purposes of being in the Community was to solidify the Western Alliance. For many on the left it was a particular reason for opposition.

But now Europe is seen either as a potential third force between the superpowers or as a counterweight to the United States within the alliance. Anti-Americanism has therefore become a reason for going in rather than staying out of the Community.

That is why I found left-wingers in Oslo last week, whom I remember as passionately opposed in 1972, now clearly in favour.

The same spirit, though in modified form, is evident in the new Government. Its loyalty to Nato is not in question, but it wants to keep its distance from the United States and to strengthen European influence within the alliance.

It might be unwise to make too much of the recent "footnote episode" when the Norwegian minister formally reserved Norway's position on SDI at a meeting of Nato defence ministers. Such a formal expression of disagreement is not likely to set a pattern for Norway's conduct.

Drawing closer to European family

Nonetheless, it is indicative of the new Government's more critical attitude towards the United States. It is not only on the Labour left that Europe is now seen as a balancing force against American domination.

The Europeanizing of Norwegian foreign policy has other effects. There is no possibility of Norway becoming a member of Opec because that would be out of keeping with the country's position in the European family. Limited co-operation is the most that is in prospect.

Under the new Government, there will be more emphasis on the need for disarmament, more hopeful noises about a Nordic nuclear free zone — though probably without any expectation that anything will come of the idea — and possibly less evident assertion of Norwegian rights in its northern waters where Soviet forces are increasingly active.

For Norway's neighbours the Europeanizing of its foreign policy may have a double-edged effect because it represents a tendency not only to associate the country with Europe but also to distinguish it from the United States.

Nicaragua holds 'US mercenary'

From Alan Tomlinson Managua

The Nicaraguan Army says it has captured an American mercenary soldier fighting with US-backed rebels in southern Nicaragua.

The Defence Ministry said the man, identified only as Mr Lallo Warnes, was taken prisoner a week ago in combat near the Costa Rican border. It described him as a "mercenary agent" sent to Costa Rica "by his superior officers" in the United States to fight with the Contra rebels.

Mr Warnes is believed to be the first American to be taken prisoner in the guerrilla war which has attracted a number of US citizens, some of them veterans of the Vietnam war, to fight on the side of the Contras who are trying to overthrow Nicaragua's left-wing Sandinista Government.

Two Americans were killed two years ago when a Contra helicopter was shot down while attacking a Sandinista army barracks. They had been members of Civilian Military Assistance, one of several private US organizations which assist the Contras.

The capture of Mr Warnes near the south eastern Nicaraguan town of Nueva Guinea is likely to embarrass the Contras at a time when President Reagan is having difficulty in persuading the US Congress to renew official military supplies to them.

The Contras recently captured eight West German aid workers in the same area, holding them for 25 days. The released prisoners said they believed the rebels had hoped to capture armed East Germans in order to help Mr Reagan by demonstrating that mercenaries from the Soviet block were fighting with the Sandinistas.

Aid to the Contras was cut off by Congress in 1984 after the Central Intelligence Agency admitted having taken an active part in the mining of Nicaragua's ports. Since then, the Democratic-controlled House of Representatives has agreed only to provide humanitarian assistance to them.

Cobra plague keeps police on their toes

Dhaka (Reuters) — Guards can't shoot and prisoners can't sleep because cobras are coming out of the woodwork in a police station near here.

One frightened officer found a snake in his desk drawer, but followed orders not to shoot because disturbing sounds might annoy other reptiles nesting in the cracked walls of the 150-year-old building, the state-owned newspaper Dainik Bangla reported yesterday.

The officer said another cobra dropped onto his colleague's desk from a crack on the roof only a few days ago.

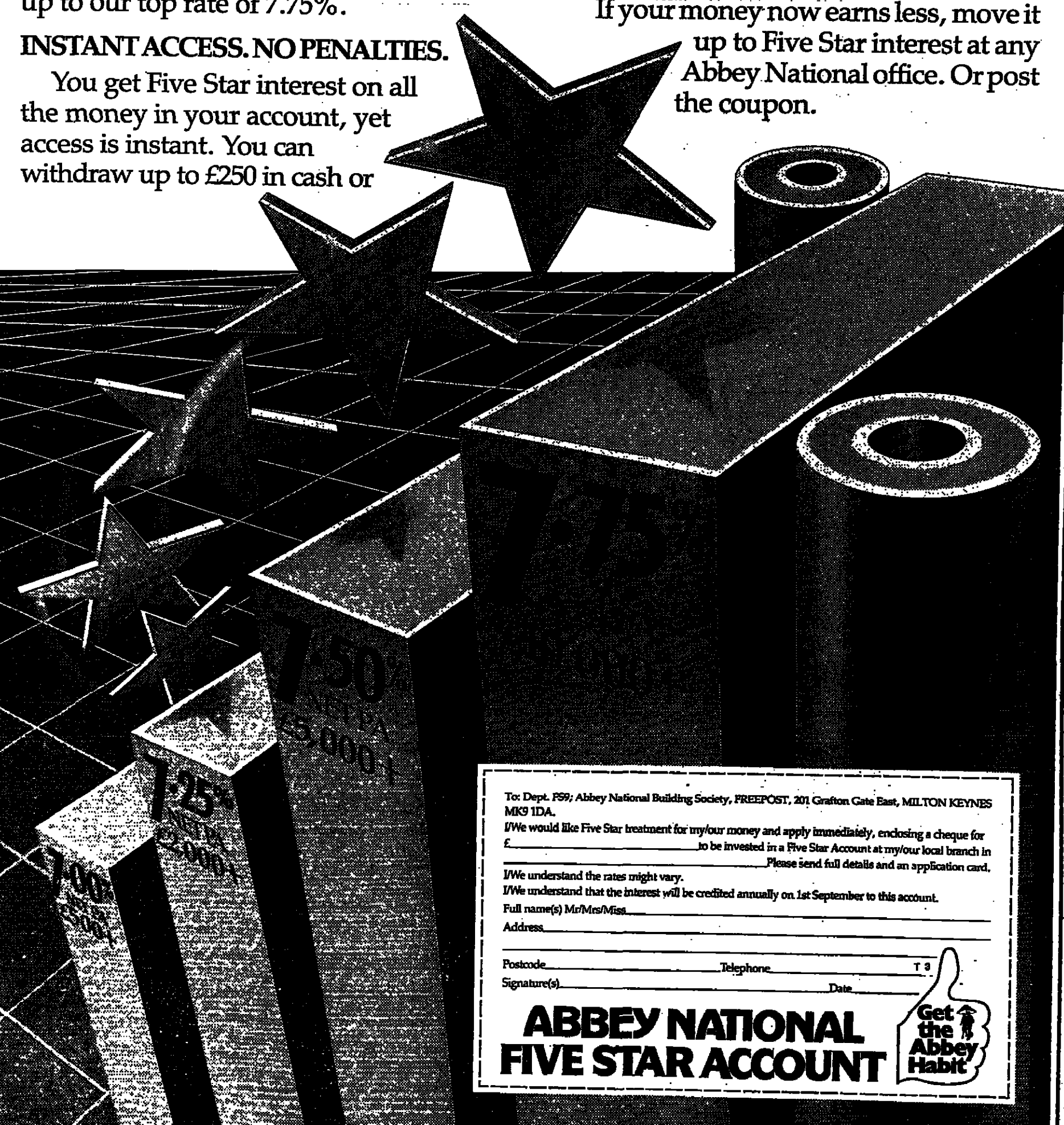
One officer told the newspaper policemen and prisoners had now been asked to stay awake at nights "to avert possible cobra assaults".

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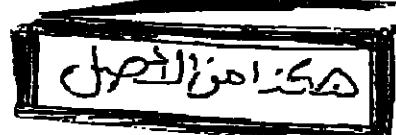
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Sikhs reject Delhi land transfer plan and bring accord near to collapse

From Kuldip Nayar, Delhi

The accord on Punjab between the Sikhs and the Prime Minister of India is on the verge of collapse and confrontation is building up between Punjab, where a Sikh-majority rules, and Delhi.

The Sikh Akali party, which rules Punjab, has rejected the new plan on the transfer of Chandigarh, which it has been sharing as capital with Haryana since 1966 when the bigger state of Punjab was divided into two states: Punjabi-speaking Punjab and Hindi-speaking Haryana.

The crucial part of the accord signed in last July was Chandigarh's transfer to Punjab in exchange for "some Hindi-speaking villages" from the state to Haryana.

A commission, headed by Justice D.A. Desai, the Law Commission's chairman and a former judge in the Supreme

Court of India, will identify the 70,000 acres of land which the earlier commission, under Justice E.S. Venkataramiah, awarded to Haryana in exchange for Chandigarh without identifying the area.

The Punjab Cabinet, which rejected the proposal on Saturday, has said that the terms of reference given to the Desai commission do not differentiate between Punjabi and Hindi-speaking areas of the state, while under the accord only "some Hindi-speaking" villages are to be transferred.

Another Punjab objection is that while arguing before the Venkataramiah commission it had identified 45,000 acres of land which the commission "accepted" but found "inadequate".

Mr Surjit Singh Barnala, the Punjab Chief Minister, during his two meetings on Saturday

with Mr Rajiv Gandhi, expressed his willingness for the Desai commission to identify the balance of the 25,000 acres but not the entire 70,000.

On Friday the commission had been asked to submit its report within 24 hours to enable the central Government to transfer Chandigarh to Punjab on June 21, a date which was fixed when January 26, the date mentioned in the accord, could not be kept.

But the deadline was changed to July 15 after Mr Barnala's public statement that it would make "a mockery of judicial verdict".

● AMRITSAR: Three children were hacked to death at Moga, 80 miles from Amritsar, and two suspected Sikh separatists killed in separate incidents yesterday in the Punjab (AFP reports).



An emotional welcome for the freed Beirut captives Philippe Rochot, left, and Georges Hansen, on their arrival in Paris

Hostages' return wins prime TV time

From Susan MacDonald Paris

An emotional welcome greeted the two French hostages released in Beirut, on their arrival at Orly airport on Saturday evening. The moment was transmitted live over the start of the France-Brazil World Cup match on France's second television channel, for which the two work.

Viewers saw Philippe Rochot and Georges Hansen being embraced by their wives and children at the foot of the aircraft, while M Jacques Chirac, the Prime Minister, looked on smiling. Philippe Rochot, looking considerably thinner, said they had been correctly treated, with three meals a day.

The released men were part of a four-man television crew abducted in Beirut last March. A total of seven Frenchmen are still being held, of whom one may have been killed. The new Government's overtures to Iran and Syria are thought to have secured the two hostages' freedom.

A breakthrough came when Mr Ali Reza Mowayeri, Iran's Deputy Prime Minister, visited Paris in May and in early June after Mr Massoud Rajavi, one of Iran's main opposition leaders, who has lived in exile in France since 1981, left "voluntarily".

Soviet captain accused over Greek tug death

Athens (UPI) — Police charged the captain of a Soviet cruise ship with manslaughter after the sinking of a Greek tugboat and the drowning of an engineer, a Merchant Marine Ministry spokesman said yesterday.

Captain Constantine Sarokin, aged 55, skipper of the 21,460-ton Feodor Salapin, was also charged

with causing a shipwreck through negligence.

The engineer was drowned on Friday in the port of Piraeus when the Soviet liner, with 210 passengers on board, increased its speed before the tug, which was guiding it out to sea, could detach itself from the liner.

The tug capsized and sank. Four of its five crew members swam to safety.

Christians held for not reciting Muslim creed

From A Correspondent, Cairo

Six Egyptian converts to Christianity have been detained over allegations that they "defamed" the Muslim faith: a charge which can bring them five-year prison terms.

Egyptian authorities are reluctant to discuss the case, but it is understood the arrests began in January when Muslim co-workers at the Ministry of Social Affairs filed a com-

plaint against Miss Eman Mustafa Tewfik, who became a Protestant in 1978.

Since her arrest, three members of her family and two from another family have been detained for refusing to recite the Muslim creed: "There is no God but Allah and Mohammed is his prophet."

Amnesty International is expressing concern.

Dhaka takes control of enclaves

From Ahmed Fazl, Dhaka

Bangladesh has decided to set up two police stations to take control of its two enclaves in the Indian state of West Bengal separated from Bangladesh by a strip of Indian territory, government officials said yesterday.

The decision was taken as Major General Mahmudul Hasan, the Interior Minister, flew at the weekend to Dabagram and Angorpota enclaves, the first visit by a senior Bangladesh leader to the hamlets since indepen-

dence in 1972. "It is our land and we shall see that it remains ours," General Hasan was quoted as telling an enclave gathering. There have been violent clashes between Indian border forces and some of the 12,000 residents.

Tableware town losing its edge

From David Watts, Tokyo

Mr Hitoshi Nakayama was feeling under the weather and not just because he had made a night of it.

He and his friends, fresh back from a trade show in the United States, have one subject when they meet in the tiny bars and restaurants of Tsuhamae: what the strong yen is doing to a town dependent on selling a single product in export markets.

No amount of alcohol softens the reality that export-dependent firms like Mr Nakayama's stainless steel tableware company are under strong and perhaps fatal pressure. Already one or two firms have gone bankrupt. Officially about 200 jobs have been lost but the true figure is much higher when so-called part-time workers are considered.

Mr Nakayama saw the same thing happen when he lived in Sheffield. What happened there is now happening to Sheffield's Japanese equivalent. Much less of the town's stainless steelware is being packaged for Harrods and

other backyard operations grinding, polishing or making the packaging. Working conditions are Dickensian. Payment for polishing is calculated in sen, a one-hundredth part of a yen. Polishing work on a single fork starts at 60 sen.

Mr Kikabei Sakatsume, aged 65, shows a mouthful of gold and silver teeth as he recounts how he and his wife Mitsui have had their assets to the grindstone for 40 years, shaping and polishing 3,000 knives and forks a day at three yen each.

The rate used to be three and a half yen and now there is a "high yen penalty" - for every 10,000 yen of earnings, the parent company cuts back payments to the Sakatsumes by 700 yen.

In a Western economy Mr Nakayama and Tsuhamae could seek relief in buying cheaper raw materials from abroad, from China or competing South Korea. But the Japanese economy is not run like that.

The intricate web of relationships and arrangements means that the town's raw steel is bought by the Flatware Manufacturers' Association from expensive Japanese steel producers who give 120 days' credit. Imports, which do not endear Tsuhamae to Japanese steelmakers, must be paid for immediately.

"The strong yen should be helping us but taxes, petrol and electricity are not coming down. If we were getting some of the benefits of this strong yen we could survive this reduction in income but we're not getting any benefit. The big trading companies do all the importing and they don't reduce their prices," says Mr Hidenari Sasaki, who runs a houseware firm.

The Japanese Government is ready with loans for firms whose exports have declined by more than 20 per cent over last year's figures but the interest rate is comparable to that on the open market.

Since January a fund of 30 billion yen has been available to help firms switch to products for the domestic market. Few firms appear to have taken up the offer.

In Tsuhamae the reason for that is quickly clear: no-one has any idea what to switch to. Japanese may dine out in French and Italian restaurants but whether they eat hamburgers or sushi at home, they nearly always use chopsticks.

Beyond hotels, restaurants, clubs and companies there is no market for flatware in Japan.

Tomorrow: Imports

Problems of the soaring yen Part 1

British Home Stores these days. Instead the shipments come from Taiwan and South Korea.

When the yen was traded at 240 to the dollar (today's exchange rate is around 250 to the pound sterling) Japan's low-tech industries such as tableware, textiles, porcelain and toys mopped up export orders in the US, the Middle East and Europe.

Encouraged by the Government through the Ministry of International Trade and Industry (MITI) in the early years of Japan's post-war industrial ascendancy, whole areas went over to the production of one particular line.

Tsuhamae, two hours on the bullet train north-west of Tokyo, has specialised in knives, forks and spoons for export since the 1920s, the latest industrial line to supplement agriculture which the town has not been able to survive on since the 1800s. Even today its factories, perched in the corners of rice paddies, are monuments to the fragility of its industry.

Tsuhamae is stainless-steel houseware. Practically the whole town, with a population of 45,000, is dependent on the industry one way or another. There are 1,500 firms turning out flatware with probably another 1,500 mother-and-fa-



Mr Hitoshi Nakayama, right, who has seen it all before in Sheffield, and his father contemplate a grim outlook.

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- Retailer
- Shipping Manager
- Solicitor
- Stockbroker
- Subscription Manager
- Stock Controller
- Telecommunications Manager
- Transport Manager
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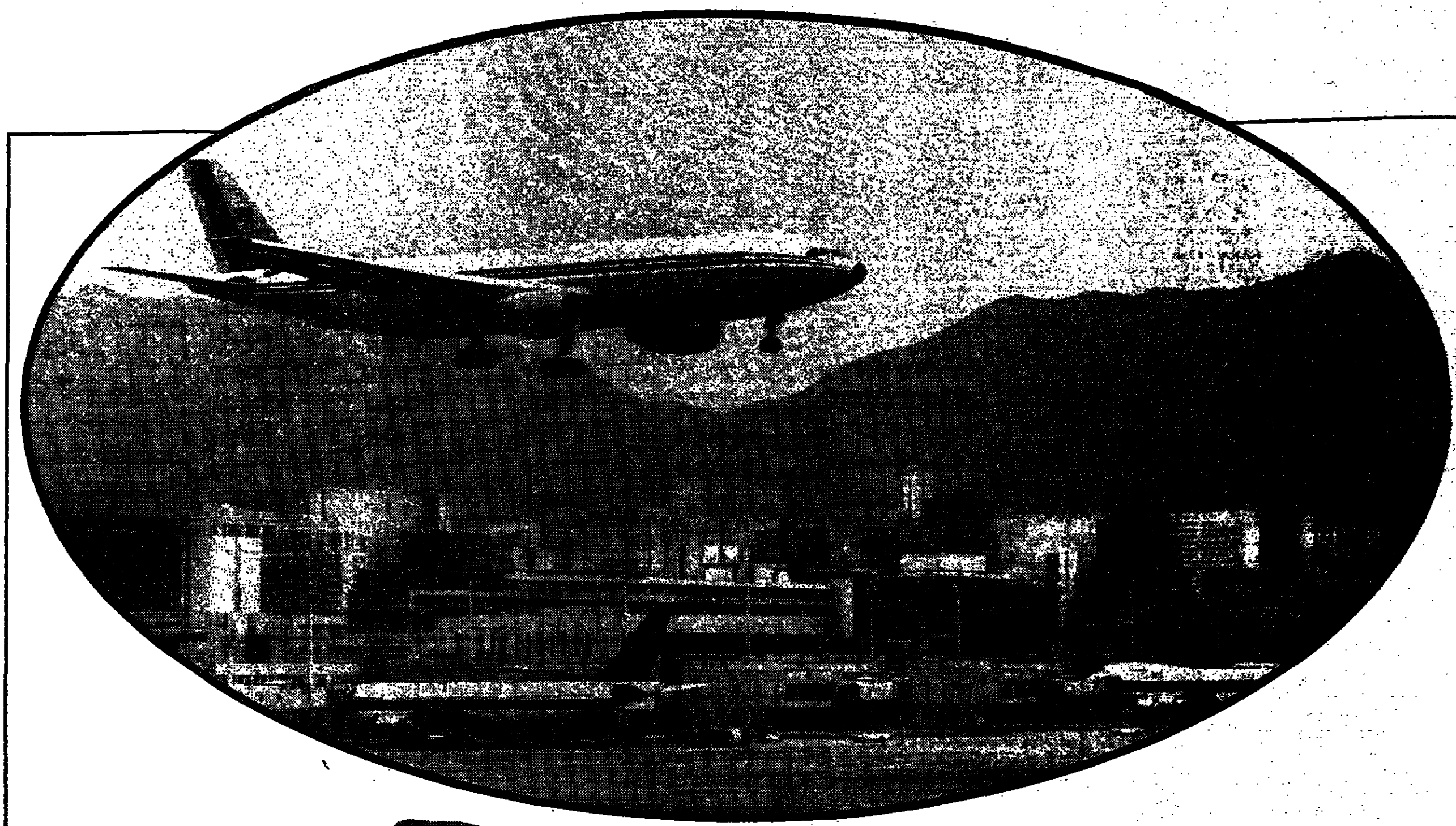
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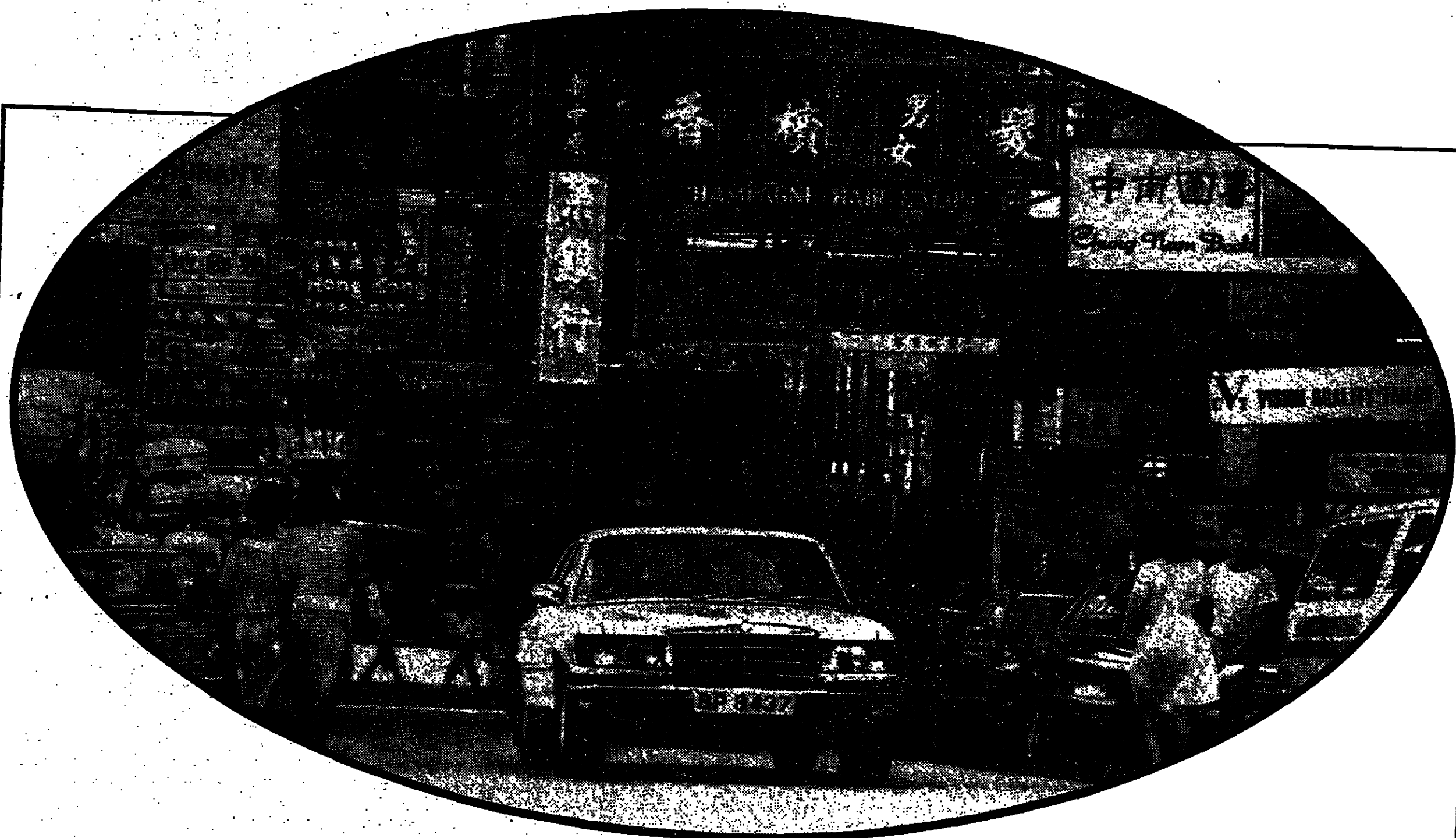
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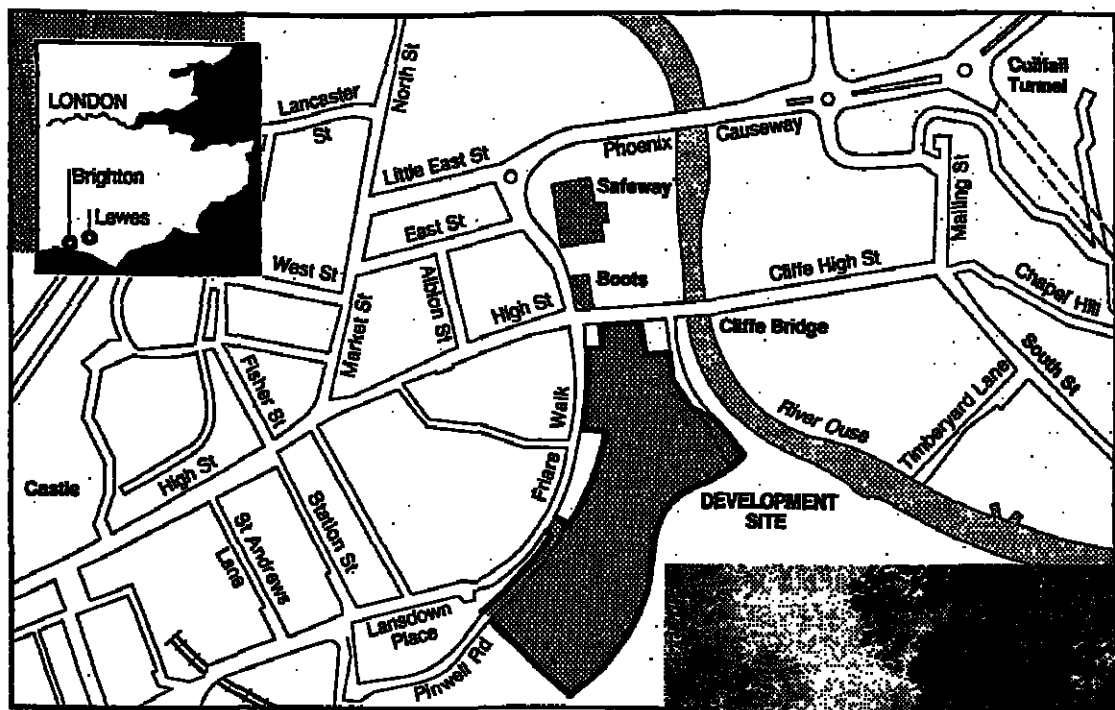
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A fierce planning battle is shaking the traditional, solid conservatism of Lewes in Sussex. Bryan Appleyard reveals the symbolic crisis of conscience now afflicting the local Tory squirearchy

Yeoman guard is called to arms

The yeomanry of Lewes — academics, traders, conservationists and Giorgio, the proprietor — met at Aladdin's Cafe, on South Street, with its deep-buttoned banquettes and wood-effect Formica. With a 1,100-year history of defensive warfare at their backs, they were once again stiffening the sinews and summing up the blood. Waitrose wanted to build a superstore — but here were a score of Sussex men who would know the reason why.

Yes, it's a planning battle like a hundred others. British Rail wants to sell a spit of marshy land, stretching along the River Ouse into the town centre. From the Dark Ages it has discouraged builders, but now, by raising the land almost seven feet and improving the drainage, a superstore can be built, plus 124 flats and houses, 34 sheltered housing units, public lavatories and 300 car-parking spaces. It is a neat developer's package, combining welfare-compassion, social need, jobs, an up-market grocer and an amenity — a new lake has been thrown in — but the yeomen were not fooled.

They would fight as they had fought before to save their town, but this time the rules of war have been curiously changed. The political climate for such set-piece confrontations has been transformed, and the Lewes battle has become symbolic of the crisis of south-eastern affluence and the crisis of conscience within the Tory squirearchy.

The fight became big news just as Nicholas Ridley, the new Environment Secretary, had been heard musing about the environmental problem of the south-east. Economically, it has raced ahead of the rest of the country, and that has created development demands which it cannot accommodate.

Lewes is the county town, littered with architectural gems and home to a large collection of houses faced with mathematical tiles, deeply-glazed earthenware masquerading as bricks. Tom Faine lived here, as did Anne of Cleves, and the Prince Regent rode a coach and four down Keere Street for a bet. It is evidently in need of protection although it would suffer if turned into a museum.

It has never found a way of living comfortably with the car or with its proximity to Brighton and Eastbourne. The only river crossing used to be the narrow, hump-backed Cliffe Bridge, and lorries were, for some time, in danger of shaking South Street to pieces. The Sixties solution was an insane scheme for an inner relief road. That was abandoned in favour of a bypass and subsequently the Cullifail Tunnel. This took traffic under the immense chalk cliffs looming over the town.

Traffic almost vanished from the town centre, but has now risen again thanks to a large and very ill-designed Safeways and to the increasing use of the town as an alternative centre to Brighton. In 1979 a district plan allowed for development of the railway land, but last year, along came Waitrose and the developers Farmcote with a scheme that increased the permitted commercial element by half. The battle was on.

It immediately became clear that, as one councillor put it, "the wisdom of 1979 had given way to the reality of 1985".

The solid Tory district council was all set to give planning permission. The county council, Tory by virtue of a chairman's casting vote, said there were no highway criteria to stop the development, even though

it would raise traffic in the town to pre-bypass levels. And the town council — well the town council isn't exactly involved, but the mayor, Joanna Hallett, made the obviously coded remark that Lewes could not be a museum and suggested that the meaning of the SOS signs stuck in people's windows should be changed from Save Our Streets to Serve Our Society.

When I met her at the Egon Ronay-recommended Lunch Counter in the presence of a few of the yeomanry and a Liberal county



Talking to the streets: Professor Bernard Harrison (above) in Lewes, a town unsettled by the proposed development (site and map, left)

should not be developed at all — merely that any development should be a good deal smaller. That is Eighties "realism" as compromise, and behind it lies the guilt-stricken sense that opposing any development whatever suggests you are somehow standing in the way of precisely the kind of thing that will help to take people out of the doldrums.

The perhaps over-reasonable yeomanry are an odd bunch. Academics from Sussex University made the most noise by writing to *The Times*. They are led by Bernard Harrison, the amiable and droll philosophy professor, much given to show-stopping quotes like: "This development renders the tunnel obligatory; that is the gravamen of this dispute."

Sceptical of the sudden mobilization of the academics and some inaccuracies in *The Times* letter is Elisabeth Howard, a Labour veteran of previous set-piece Lewes conservation battles. But she is on the academics' side when it comes to Waitrose. Residents' associations, meanwhile, have sprung back into life everywhere.

Indeed, within the densely-packed centre of Lewes itself, it seems impossible to find anybody in favour of the scheme. The problem is that the only council representing Lewes alone is the town council, which has no power in the matter, and all around is wealthy semi-rural East Sussex that would like nothing more than better local shopping.

Yet there are — mainly Alliance — friends at county level who have flung back the county council's snooty nothing-to-do-with-us attitude by forcing the highways department to look at another traffic scheme for the town centre. It is a move intended to cause embarrass-

ment. The scheme involves widening a road to make it two-way, only possibly by knocking down the recently-built Boots the Chemist.

The official county attitude, however, is that of Councillor Harry Hatcher, chairman of highways, who claims they have said all they need to say constitutionally by their comment that there is no simple traffic reason for refusing the scheme.

Apart from the Boots commando raid, however, it seems to be simply a question of waiting until the public inquiry opens on August 5. Opponents are aware of a dangerous calm: the people who actually want the scheme are either impatient district councillors or merely silent. In the Seventies those opponents may have been able to resist any development and win, but what about the realistic Eighties when even the rural Tories speak with forked tongues, paying lip-service to conservation but also wanting to do the right, hard-edged, wealth-creating thing?

For the south-east it is the price of success, the penalty of affluence that draws in multiple stores and property developers as if the north didn't exist. Such developers can no longer be categorized easily as a Bad Thing. Unemployment, however, is — and it leaves the middle classes with their conservationist instincts at war with their social consciences.

The development will leave a town of 16,000 with two 30,000sq ft supermarkets. The only rationale for such a ridiculously high density of shopping is that Lewes is being exploited for the hardened populace in the fields outside and, after 1,100 years, that is not good enough. It is not often that the full-blooded, build-nothing, conservationist posture is right — but in this case it is.

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Wimbledon: game, set and profits

Today's tennis is not just a game. Andrew Duncan finds that business is really booming

Today at Wimbledon the healthy "ping" of cash registers will be as eloquent as the "pop" of a well-struck forehand smash on the centre court, for the All England Lawn Tennis & Croquet Club will be counting its income of about £1 million a day.

The unmistakable whiff of affluence and privilege, which still pervades one of Britain's premier sporting events, has been capitalized on with great skill to hype it into very big business indeed. The championship, which began in 1877 to raise money for repairing a pony roller on the croquet lawn, has seen profits increase from £300,000 in 1979 to £5,373,444 last year.

The club has resisted sponsorship and makes money from licenses, television, marquee and ticket sales. It employs two promotional consultants — Bagenal Harvey and the International Management Group — who have offices near each other in the West End but are eight years apart in ideology.

They are rigidly correct about each other, as people are when drawn together by the common bond of money, but their different attitudes induce some schizophrenia within the club. It was IMG's chairman, Mark McCormack, who devised the idea of marketing the Wimbledon

name in 1978. Throughout the year, at least 10 of his staff world-wide work on merchandising, co-ordinated in London by Ian Todd.

"It's grown immensely", says Todd. "We developed a logo which we call the 'Flying W' and licensed it as a trade mark. You can't stop a company putting the name Wimbledon on their product, because it's the name of a town, but what we sell — apart from prestige, heritage and tradition — is the exposure that Wimbledon gets on television."

At present more than half the £1.5 million or so royalties from licensing come from Japan. Wimbledon marketing director Rob McCowan proudly displays some of the products. There's a necklace: tennis jewellery is important in Japan. And they like things like spectacle frames — you see the subtle Flying W on the side of those.

"This year in England, to celebrate the tenth anniversary, we are producing a poster (£4.50, unframed) on good quality paper. We are also putting our new logo on the necks of champagne bottles, and we have prepared some gift items for the first time: a nice soap for £3 made by the Queen's suppliers, Elizabeth Shaw chocolates for £1.99, Wimbledon jam made by Tiptree and selling for £1.35, and a super large bath towel for £15."

Bagenal Harvey, meanwhile, administers most of the tasteful advertising with-

in the grounds of the club — the centre court scoreboards (Rolex), balls (Slazenger) and drinks (Robinson's and Coca-Cola) for which the companies pay a fee estimated at £150,000. "The figures are a closely guarded secret", says Bagenal Harvey's managing director Geoff Bluett. "A lot of people would like to have signs on the centre court, but the club doesn't like advertising, full stop."

In 1976, his company suggested to Commercial Union, who then sponsored the tennis Grand Prix, that they should erect a marquee on one of the hard courts and invite guests. "It was a quiet way of letting people know that this sort of facility could be available", says Bluett.

This year there will be 44. Bagenal Harvey administers 26, IMG nine, and for the first time the club will be organizing nine of their own.

Costs are not disclosed but the average total including marquee, food, drink and flowers for entertaining one person per day at Wimbledon, is £170.

Town and County, who do all the catering, often find themselves criticized for the annual "Great Strawberry Rip-off". "For some reason, strawberries are an emotional issue at Wimbledon", says marketing manager Michael Tierney. "We can't win. If we buy foreign strawberries because they are cheaper, we get flack. And if we stick to the more expensive British ones, we also get flack."

There is a list of 100 companies waiting to use the marquee and almost certainly we could increase the price", says Bluett. "But my inclination is not to sting people just because it's Wimbledon and we have a monopoly." Indeed when Austin Rover, who supply the players' cars, had financial difficulties, charges for their marquee were waived. Even now, they pay less than the normal rate.

Membership of the All England club, perhaps the most exclusive in the country, is inextricably linked to the finances of Wimbledon. There are only 375 members and a waiting list of 900 — about seven of whom will be given membership during the year. "We only fill dead men's or ladies' shoes", says secretary Chris Gorringe. "Members are privileged, but they undergo quite a lot of hassle — with all the marquee they can't play on a hard court for five or six weeks."

It costs just £25 a year. In addition to a seat in the members' stand on the centre court, members are entitled to buy two centre court tickets for each day at one third the regular price.

Every five years, the club sells 2,100 debentures to help cover its capital costs, which also entitle holders to a seat on the centre court. The current ones have a basic price of £500 and a premium of £5,000, plus VAT of £750. They are traded on the London Stock Exchange (the price this month is £16,615) and the best way to become a holder is to buy in now and then renew automatically when the next issue is announced.

By the terms of a 1934 agreement, championship profits are given to the Lawn Tennis Association for the promotion of tennis in this country. So why are there so few good British players compared with Sweden, which has a fraction of the budget? "We have only been affluent for the last few years", says Ian Fencoc, executive director of the LTA. "We are embarking on a five-year programme to build 100 indoor courts, and it is likely to be a few years before we see the fruits of our efforts."

But it's good to know that Britain still ensures that the souvenirs are tasteful.

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Theatre of life or death

How two British puppeteers are helping to halt the march of deserts and famine in Sudan

At Shendi in northern Sudan two British puppeteers, Ann Shroobree and Bill Hamblett, have built a puppet theatre. Sitting under the desert stars, up to 1,000 villagers watch a simple puppet drama.

In the story, Granny Fatima tells her lazy grandson Ali to take their goat to graze on the one remaining tree in the vicinity. The tree is actually a genie or tree spirit which avoids Ali's axe by blowing smoke in his face. It urges Ali to plant trees to shelter the land and restore life to the village.

By adapting stories from the rich northern Sudanese folklore tradition and by training local puppeteers to give shows, Shroobree and Hamblett are promoting the simple message that trees halt the march of deserts.

Local schools and youth clubs have been involved in writing scripts for the shows and the participation of women, who are usually left out of



agricultural extension work, is considered vital. An early objective has been to encourage women to build more energy-efficient household fires (requiring less wood) and to realize the potential of trees for cash income (through, for example, berries, nuts and gum).

At the same time the project, managed by forester Stephen Bristow, has built tree nurseries for raising seedlings which the communities will plant in shelter belts and wind breaks.

The puppet shows have proved so successful in stimulating interest in trees that other development agencies in Sudan now want to organize their own.

Quietly Band Aid is now disbursing its 260 million or so raised in the past year to fight drought and famine in Sudan and the Sahelian belt, and one of the organizations to benefit is the British charity, SOS Sahel, originally set up in 1983 by Baroness Jane Ewart-Bligg.

The tree-planting programme is its first major project. It has identified one of the bottlenecks in the whole process of desertification lead-

ing to famine as lack of basic extension facilities for agriculture — for it is no use giving villagers a fast-growing tree seedling if they do not have the know-how and tools to tend it.

The idea of using local puppet groups to get the message across was pioneered by Green Deserts, another British charity.

SOS Sahel's executive director, Dr Nigel Cross, is somewhat different from the dozens of eager agronomists, sociologists and self-appointed Third World experts. He has a doctorate in literature: "If you have a degree in English literature you are not an obvious candidate to 'save the world' — any more than a pop star", he says. "However, I believe literature is as good a training as any other for sensitizing one to anthropological and social issues."

So it seems that plays, drama and literature are clearly untapped areas in the development process. Come in Peter Brook.

Andrew Lycett
Further information from SOS Sahel International, 22 Baron Street, London N1 (01-837 9129).

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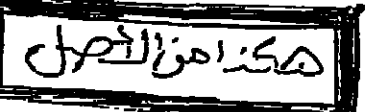
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ACROSS

- 1 Ancient Cambodians (5)
- 2 Crew compartment (7)
- 3 Of sound (5)
- 4 Musquash (7)
- 5 Ant bear (8)
- 6 Documents folder (4)
- 7 Oahu naval base (5,6)
- 8 Habitual procedure (9)
- 9 Light meal place (3,3)
- 10 Italian gypsies (7)
- 11 18th cent thin scarf (5)
- 12 Significant (7)
- 13 Cape Province people (5)

DOWN

- 1 Arab citadel (6)
- 2 Lesser (5)
- 3 Recuperation (8)
- 4 Including all (13)
- 5 Expedience (4)
- 6 Patch (7)
- 7 Walk unsteadily (6)
- 8 Christ's cross (8)
- 9 Having died off (7)
- 10 Shameless (6)
- 11 Powerful shock (6)
- 12 Inhabited (5)
- 13 Smeared (4)



MONDAY PAGE

The tie that still binds

The meeting, in an over-bright hotel room in Dublin south, was one of dozens held all over the Irish Republic last week. The audience of less than 100 represented a cross-section of the men and women in Nuala Fennell's constituency. They had come to air their prejudices, share their concerns and, to varying degrees, stand up and be counted.

The subject of their agonizing was the republic's latest political hot potato: divorce. Perched on hard chairs beneath gilt chandeliers, the doubters, the desperate and the intractable brought the debate, which has been challenging bishops and statesmen, firmly down to earth.

The discussion, organized by the Fine Gael pro-divorce lobby, ricocheted geographically from heaven to Dallas (Fennell: "It's ludicrous to compare Irish society with Dallas, we're a long way behind that"), with frequent questions couched in the third person when the anxiety was clearly personal.

One well-dressed woman made a vehement little speech which began: "How is it realistically possible for a middle-aged wife with five children to exercise her right to remarry?" and then left.

"She's off to the next meeting," hissed her neighbour. "A plant." Several of the audience had heard the same woman ask the same question at a pro-divorce coffee morning earlier in the week.

Fennell, the Minister of State for Women's Affairs, opened the floodgates of reform when she started a battered wives' home in 1975. She first spoke out publicly in favour of divorce on television at the beginning of the 1970s and caused a backlash of moral outrage. Today there are an estimated 70,000 broken marriages in the republic, out of a population of 3.5 million.

Fennell's interest, as she told the meeting, has been "in the woman's role in marriage breakdown". A major part of the current anti-divorce propaganda campaign is being directed towards women in a last-ditch effort to capture the female vote in Thursday's historic referendum.

"The First Wife could be divorced against her will... would lose her Inheritance Rights... could have the Family and Home in which she lives sold without her consent... would almost certainly receive no maintenance", warns the Anti-Divorce Campaign.

"Divorce Hurts. Have Compassion for the Loyal Partner and Children. Vote No", says the anti-divorce group Family Solidarity.

"Evidence is now emerging that very few separated and deserted women want to remarry", claims the recently formed Women Against Divorce, describing the proposed no-fault divorce amend-

This Thursday, the Irish people will vote on the thorny issue of divorce.

Sally Brompton heard the arguments, both for and against

ment as "anti-woman, anti-family, anti-Christian and anti-constitution". "If some of the outrageous anti-divorce posters were subject to the Trades Description Act, the groups would be prosecuted", complains Nuala Fennell.

While some women still try to unravel the legal, political and religious implications of the proposed legislation others see their decision as clear-cut.

Breda had not intended to speak at the meeting, but she was so incensed by the anti-divorce dogma presented by the flying agents provocateurs that she rose involuntarily to her feet. Breda had fallen in love with Kevin, a chartered accountant who was legally separated from his wife. When his wife applied for — and received after three years — a Church annulment, Kevin and Breda married. Both

practising Catholics from strict religious backgrounds, they had a white wedding attended mainly by close family.

That was 11 years ago. Today, Kevin, aged 47, and Breda, 43, live in a comfortable detached house in a middle-class suburb of south Dublin. They have two children of their own (Jane, six, and Garrett, 18 months) and, for the past five years, Kevin's three children by his first marriage (Paula, 20, Niall, 19, and Peter, 18) have also lived with them. However, in the eyes of the law, Kevin is still married to his first wife and is guilty of bigamy. While legally Jane and Garrett are illegitimate, as far as the Catholic Church is concerned it is Paula, Niall and Peter who are.

Despite being happily — if illegally — married and apparently philosophical about her situation, Breda could not prevent herself burning into Kevin's memory the story of the meeting. At home the following morning she explained the anomalies of her non-marriage.

Her main concern is the fact that legally her children have no rights of inheritance to their father's estate. While Kevin can leave up to IRE150,000 tax-free to the children of his first marriage, the tax-free limit for his other two children is IRE10,000 — no different to that of an unrelated beneficiary.

"I am lucky because Kevin is a very sound man", says Breda, "but if he had turned out to be a bad hus-

band I would feel very insecure, because there's nothing to stop him walking out of the house tomorrow and I wouldn't be able to claim a penny.

"Legally, I am an unmarried mother and I hate that. Emotionally and mentally I am fine, but the older I get and the older our children get, the more concerned I become about what will happen to them when Kevin dies."

Breda continues: "I also think the Church should do more to campaign towards legalizing church marriages, otherwise they're encouraging people to break the law. They didn't particularly point out to me that this would never be a legal marriage. Probably if we hadn't been church-going people we would have thought more deeply about it, but I felt married because we are church-going people. I wasn't any different from my sisters, because I was also married in church."

"Legally, we're in a mess", Kevin says. "To me, it's not a religious question at all: I go to mass and shall continue to do. It's a social question and a property question and I think that the present situation is so utterly absurd that the law should be changed, bringing in divorce."

In the eyes of the Pope I am married to Breda, and in those of the President to my first wife.

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Time for some tough talking

TALKBACK

From John Mason, Grange Road, South Croaydon, London.

The problem of "Sleeping partners in your house" (First Person, June 11) can surely be solved by the injunction: "Why not offer your friend the settee in the living room for the night?"

As a parent of three, I was taken by surprise on the staircase at 11 o'clock one morning. But the query "Good morning, who are you?" led to a regularization in attitudes which seems to have worked well since.

As to parents who do not know how to go about raising an objection, how about: "I want to raise an objection."

From Mrs J. Sharrack, Causton Road, Brize Norton, Oxon.

I fail to see how your anonymous contributor finds sleeping partners in her house a "delicate issue". The impression is that she is afraid to voice her own beliefs in her own home. It would seem that many of today's parents are largely to blame for their children's behaviour of taking things for granted. Nor do I see why attitudes to sons and daughters should differ.

From Jane Naylor, Avon Road, Hale, Altrincham, Cheshire. As a mother of five teenagers, I am shocked to read that this family obviously encourage these "alley cat" relationships of their son. Although I realize the moral standards of people have changed over the years I do not think we should change our ideas to accommodate them.

As a family we are very open about all subjects: contraception, abortion, live-in-lovers etc. Everything is discussed among us and I feel my children can talk to me.

The subject of boyfriends staying has occurred, but in our case no girlfriends yet. Both daughters have said that they feel it would not be right to expect to sleep with their boyfriends in our house as they respect the standards that we have taught them. Nor would they feel comfortable in a similar situation in their boyfriends' home.

Perhaps this is what is wrong with the world today. Parents think they must be with it! My 15-year-old son's comment was: "You would think he would have had the decency to ask first!"

From the Rev. Roger Stirrup, The Vicarage, Fordinbridge, Hampshire.

I sympathize with the writer of "Sleeping partners" who is obviously a caring mother. I am sure that her problem is not a new one and that other parents face this same tension between condoning and condemning the actions of their young.

Surely sex education is a part of the family life style from the outset and 15 is rather old for beginning the dutiful "cosy chat". Why does she appear to be so frightened of her sons, so that their opinion based on a few years experience, should have a priority in the home?

Many young people are grateful for firm advice, and can often use it as an excuse to their contemporaries for uncertainties about their own actual sexual behaviour.

Name and address supplied.

My son of 16 had been "going steady" with his girlfriend, six months his junior, for a year when I was asked to wash a pair of his trousers. On checking through the pockets I came across an empty contraceptive packet. This stopped me in my tracks for a moment.

We sat down, together with his 14-year-old sister who wanted to know what was going on, and talked about this discovery. He said that his girlfriend would not make love until she was 16, and they had never had intercourse without taking precautions. He had also gone with her to the local Family Planning Clinic so that she could be put on the Pill.

My instant reaction was one of thankfulness that they had taken such a mature and responsible attitude.

I asked if her parents knew, and was told they did not. I assured my son that I would not tell them. (I understand they were told sometime later.) All this happened two years ago. My son and his girlfriend are still together having survived "O" levels and two years at college doing "A" levels.

My daughter is now 16. Although there is no "steady" boyfriend at the moment, I can only assume the time will come. I hope that I can be as realistic with her as I feel I was with my son. But will I?

Penny Perrick is on holiday

Deserted mother, against divorce

Mary Masterson

I am angry about what was done to me and my family

Mary Masterson was under the impression that she was happily married until her civil engineer-husband of 22 years sold their IRE88,000 family home, took the money and left her penniless with four children, three of them still at school. Yet despite her own experience, 35-year-old Mary will be voting a fervent "no" in Thursday's divorce referendum. "Marriage is more than a relationship", she says. "It is a commitment to the welfare of a whole family unit. The fact that one member has gone doesn't give the state the right



to say 'this is no longer a family'. Today, six years after her husband vanished from her life, Mary and her children (Eoin, 25, Ann, 24, Eamon, 23, and Connor, 14) live in a three-bedroom local authority house which costs her IRE19 a week. Mary has a part-time job in an insurance office earning IRE5,800 a year. "I am not a martyr type", says Mary, who is a Catholic and a member of the ruling Fine Gael party. "Far from it. I feel extremely angry and resentful and bitter about what was done to me and my family. But I believe in mar-

riage and you don't get any guarantees of happiness when you marry. I made a lifetime commitment and I made it voluntarily. "In a nutshell, divorce is the legalization of desertion and I object to the fact that the state should be able to tell me that my family no longer exists as a legal unit. I don't want to be an unmarried mother. "I think more marriages will break up if we legalize divorce. You're releasing people on to a marriage market so who are they going to marry? If they want to remarry they are going to set their cap at a neighbour's husband or wife."

Despite the fact that Ann Carolan has a British divorce and married her second husband, John, in an English register office in 1982, in Ireland their four-year-old daughter Charmaine is legally the child of Ann's first husband, Dermot, whom she left in 1977. In the Irish Republic, foreign divorce is not recognized for a woman.

Ann, a 38-year-old medical acupuncturist, also had to get Dermot's permission in order to buy a house with John, with whom she has lived since 1978, and a written disclaimer from Dermot to say that he had no rights to the family home.

Ann's two daughters by her first marriage (Isolde, 13, and Vanessa, 10) live with her, John and Charmaine in the four-bedroom house in Glasnevin to the north of Dublin. Ann and her children have changed their name by deed poll and the couple have made their wills to overcome the inheritance problem. The girls go to an interdenominational school where their mother will not be "condemned for living in mortal sin." "I stopped being a Catholic in the mid-1970s because I



Divorced, but still living in mortal sin Ann Carolan

The Irish environment is so repressive

was fed up with the burden of guilt it gave me", says Ann, who used to belong to the ultra-religious Opus Dei branch of Catholicism. Her marital situation caused serious rifts within her family. "It has soured my relationship with my mother, unfortunately", she admits.

"I knew that moving in with John was the right thing to do but it's incredibly hard to understand the whole Irish environment. It's so repressive of anything like that. After John and I had been living together for five years my mother said to me: 'It's that sex thing, isn't it?'"



Ashamed of not remarrying

Máire Doyle

If I can't get a divorce I'll have children anyway

When Máire Doyle and Paul Barnett moved into their new flat nine months ago they exchanged wedding rings. "We wanted to be seen as a couple. We wanted to be taken seriously because we felt serious", says Máire, a 27-year-old insurance broker. "I feel as much commitment to Paul as if I were married."

Even so, when she and Paul got a joint mortgage on their IRE30,000 one-bedroomed flat in Clontarf on the north side of Dublin, Máire had to sign a series of affidavits swearing that her husband had no legal claim on it and her father had to act as guarantor for the mortgage repayments. "We are living in the hope that we'll be able to get married one day", says Máire. "Emotionally I need the stability and the security. I want a normal family life with children and if I can't get a

divorce then I'll have them anyway because I won't deprive myself and Paul of a family simply because of the legal problems. But if Paul and I have a child without being married then the child is legally the child of my husband. Both Máire's and Paul's parents are strict Catholics. "I go to church irregularly but I feel that I am regarded as a bad person because I am living with someone who is not my husband", says Máire. "But Paul's parents look on us as married. They say, 'Well, there are genuine cases of a broken marriage like yours'."

"When a marriage breaks down you need your independence to become a normal person again. I need to be completely free. Even though we are not living together and we never contact each other, to me that bond is still there. "Two of the people in my office don't know I am separated. They think I am married to Paul. I was afraid to tell them in case I'd be shunned. I felt that ashamed."

How a child cracked the colour code

Last November, on a typically hot summer Sunday in Johannesburg, there was a knock on our front door. I was out on the veranda, my wife upstairs, and our young daughter got to the door first. She stretched up, opened it, and called out: "Daddy, there's a black man here!" All at once all the doubts that had been building over the years about our ability to continue living in South Africa came together. After 20 and more years of paying lip-service to democracy in a country where no real democracy existed, of pretending that just because we weren't actively racist we were somehow morally superior to those who were, of supporting change while doing nothing ourselves to bring it about, we realized that our sins of neglect were being visited upon our daughter.

FIRST PERSON

Chris Campling

On the face of it, that might seem to have been something of an over-reaction to a four-year-old's comment. Particularly when you realize that we did, in fact, sell up, leave South Africa and come to England shortly afterwards. And, yes, attempting to stop our daughter from becoming even an unconscious racist was only one of the reasons for our move (another was escaping the violent revolution that we now watch nightly on television). But Kate's reaction to the man on the Welcome mat was so typically white South African that it shamed us. We had grown up colour-conscious, but we weren't, as far as possible, going to let her suffer the same fate.

It is impossible to be South African — of any racial classification — and not be obsessively colour-conscious. Even wishy-washy white liberals such as myself and my wife automatically register a person's skin colour, and then behave towards them on the basis of colour.

There is a paternalism that creeps into a white South African's voice when he speaks to a black, and, until recently, a subservience in the black man's response. In the rural areas, on the farms, a black and a white may grow up together, share the same bath, be punished together for the same childhood naughtiness — and still be master and servant through it all.

Bringing up a colour-unconscious child in such an atmosphere is a hopeless task. We could — and did — train Kate not to refer to black men and women as "boys" and "girls". We could — and did — teach her to realize that white does not automatically precede black through supermarket doors, or that a little white girl shouldn't necessarily be sold sweets before a black man is allowed to pay for his loaf of bread in the corner café.

course we had a maid — we're South African, aren't we?). So why should Kate call her anything but "Engenie" — or, to be more specific, "my Genie"?

And why shouldn't Kate, once she got old enough to realize that Engenie could clean our house, but she couldn't live in it, say to her one day: "You black, my Genie, and you go onna green bus"? The green Putco buses are for blacks only, the red Johannesburg Transport-buses for whites and, latterly, coloureds and Asians.

From there, who knows where her developing racism might have led? She might not have been taught it at home, but she would have picked it up all right, by osmosis. And so we came to England. We had British passports, so we could. And we put Kate into her first school, where Japanese, Indian — and black — children almost outnumbered the whites.

There is a tradition at this school — maybe it's an English tradition in general. When children become Best Friends they announce the fact by walking around hand in hand. Kate made her Best Friend the other day — a little black girl. Perhaps there's hope for us as well.

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LONRHO The legal proceedings being brought in Denver by Lonrho against Dan Mayers and his Crystals company are undertaken with the full support of the Zambian Government. Lonrho subsidiaries are claiming substantial damages in these proceedings and the matter is sub judice. A default judgement has already been obtained and the current case in Denver is in order to assess the amount of damages. R. W. Rowland personally is not involved in any way in the case except as a witness for the plaintiff. The shares belonging to Dan Mayers in the Amethyst Mine in Zambia have been sequestered by the Zambian Government because of his failure to answer criminal proceedings. LONRHO Plc. CHEAPSIDE HOUSE, 138 CHEAPSIDE, LONDON EC2V 6BL

THE TIMES DIARY

Big Botha is listening

Even before the present state of emergency in South Africa, the security services were using a bewildering array of bugging devices to keep tabs on visiting dignitaries and politicians with access to sensitive information.

Comradely

There could well be a politicization of the top jobs at Lewisham Town Hall. A hard left caucus within this Labour-controlled London council has drawn up a list of objectives, including positive discrimination in favour of jobs for Labour supporters.

I can understand the decibels of complaint from the usually soft-spoken Wells MP David Hannay about noise at CND's West Country rock festival.

Intensely Oscar

"We've never sold a letter as good as this," gloats Sotheby's Roy Davids about a 12-page Oscar Wilde manuscript which goes for auction on July 10.



Don't worry. She's as keen on them as she is on solving unemployment

Spray spy

First the television detector van, now the hosepipe detector plane. Wessax Water Authority is tired of gardeners illegally watering their lawns with up to 2,000 gallons of an evening.

Fever pitch

As Bobby Robson's men band prepared to meet Maradona and Co last night, Argentina's national cricket side, not generally considered to be at the forefront of the game, found themselves doing battle with the elements at Tamworth Cricket Club.

Salt is dead, long live Salt

Adam Roberts on arms control prospects after the latest superpower exchanges

The White House has declared that the Salt-2 treaty is dead. But it refuses to lie down.

Although there are dozens of formal and informal agreements on arms control, there has been no previous case of a unilateral rejection by either Washington or Moscow of the terms of a major accord.

It is not just the majority of congressmen, or the massed ranks of America's Nato allies, who still urge adherence to Salt. The White House itself says that any future arms reduction by the US would be based on Soviet behaviour in key areas - including compliance with Salt.

One of the main American complaints, relating to the alleged use of "yellow rain" by Vietnam, was almost certainly unfounded.

The biggest doubt about the Americans' stated rationale is the alleged Soviet record of non-compliance with arms control treaties in general and with Salt in particular.

Some even more basic ideas have contributed to the American withdrawal: that only freedom can bring peace, and that Moscow can be forced to change drastically only through an arms race.

American complaints is whether they add up to much strategically. The question whether the Soviet Union has improperly encrypted telemetry from missile tests, or whether a particular missile should be viewed as substantially new, is seen by many as relatively unimportant when set against the fact that the Soviet Union, like the US, is broadly observing Salt's numerical provisions.

All arms control accords contain an element of rough-and-ready bargaining, and raise problems at the ill-defined edge between permitted and restricted activity. Why, then, have such problems proved so serious as to lead to Salt's apparent demise?

Part of the explanation is the sheer difficulty of the attempt to work out some numerical equality of the intercontinental nuclear forces of two far from symmetrical states. But many other factors have been at work: not just the US view that Salt is flawed but also the extraordinary belief that the US is doing a favour to the Soviet Union by negotiating with it.

Perhaps because of this, there have been notable elements of caution in the Reagan administration's funeral obsequies for Salt. For the time being the US is staying within the Salt limits by scrapping two of its missile-firing submarines.

may also be a more disturbing element: the wrecking of Salt may be the harbinger of an assault on the anti-ballistic-missile treaty which, while it is in force, must be a serious obstacle to President Reagan's Strategic Defence Initiative ("Star Wars").

The one factor missing from the American justification has been a serious exposition of the likely consequences. This defect was highlighted in Senator Edward Kennedy's description of the rejection of Salt as a triumph of ideology over common sense.

If agreed numerical limits on intercontinental nuclear systems ceased to exist, the Soviet Union would be in a far stronger position to build up its forces than is the US. Its missile production lines are working at a higher level than America's.

Some even more basic ideas have contributed to the American withdrawal: that only freedom can bring peace, and that Moscow can be forced to change drastically only through an arms race.

If the US exceeds the Salt numerical limits later this year, it says it will do so by fitting an air-launched cruise missile to a bomber. As such missiles fly relatively slowly and are quite unsuitable for a first strike, this is hardly the most threatening way to break the treaty.

The US has also indicated that it is serious about seeking, at the Geneva talks, genuine reductions of nuclear stocks. Several proposals have recently been made. The proposals unveiled by Mikhail Gorbachev on June 16 suggest that the Soviet Union too may be thinking about reductions in a more realistic way. However, to translate a broad proposal into an agreement, and then into a treaty, involves endless definitional wrangles and is bound to take years. In the meantime, the only agreement we have on strategic arms is Salt-2.

The German sociologist Joseph Schumpeter once wrote that "the dead rule the living". Salt-2 may be dead, but it is like the ghost that moved house with the man who moved in order to escape from it. It will still be around for a while, pending a better treaty or some more sensible strategic dispositions. Dead or alive, it will be quoted a great deal between now and the time of the threatened breach of its numerical limits.

The author is Montague Burton professor of international relations at Oxford University.

By jingo, what a goal! Anne Sofer

Am I alone in being annoyed by the xenophobic tone of the British TV football commentators in Mexico? Patriotic fervour is one thing, but why the constant assumption that foreign players are by temperament more hot-headed, violent and deceitful than our own, and more often lucky than skilful?

Even their successes have to be expressed in terms of our own past heroes. "Oh what a magnificent save" shouted Jimmy (or was it John?), as the Moroccan goalkeeper leapt ten feet in the air, appeared to do a double somersault while airborne and bounced back to earth in the shape of a tightly rolled ball with the real ball at its centre.

Of course it must be difficult finding things to say during the dead patches. This, in part, must explain the portentous tone and unctuous cadences with which these old pros invest the most mundane observations. If all you've got to say is "it's half time and the score is three nil", it can take three times as long transmitted into "And so... on this sweltering day in Pueblo... the x team goes off... staring defeat in the face... to the changing room... will they find their courage there I wonder?..."

Some comments are acutely embarrassing. "Funny sort of country to choose to provide the referee for a match of this importance" remarks John (or Jimmy) about the Syrian referee in the England-Paraguay game. "Yes, even though he does apparently work as a full-time professional referee in his... Oh explosive dribbling on the far side there, well done..."

Needless to say the heights of denunciation were scaled when Gary Lineker was elbowed in the windpipe by an unidentified Paraguayan. The voice throbbed with emotion as a stretcher carried him from the field, "abused (pause), brutally (pause), deliberately (pause), cynically... by the South Americans... Here we see the full cynicism of South American football." Our hero laid low by a whole continent. Thereafter the Syrian referee won approval, despite the strangeness of his country of origin, by making a number of partisan decisions.

"He has kept them in check, this Syrian referee" they agreed, and commented favourably on his tendency to give the benefit of the doubt to the "more gentlemanly side". Our victory was a moral as well as a sporting one: "There's an old school saying 'cheats never win in the end'." And Jimmy (or John) sanctimoniously agreed.

I know there are many people

moreover... Miles Kingston

An A to Z of Azbeens

A new dictionary, published last week, takes into account the idiomatic way the English language is spelt. For instance, you can look up "psychiatrist" under both the letters "p" and "s". Apparently the book also caters for the fact that words are pronounced differently in various parts of the country, something never previously recognized by the average dictionary.

"Average" is a word you could never apply to a series of realistic dictionaries to be published by Moreover Books. Look up "average" in the Dictionary of Regional Meanings and you will find that in southern England it means mediocre, middling, while in the north-east it means the number of runs that Geoffrey Boycott has scored this season divided by the number of times he has been out.

Look up the word "regional" itself and you will find that the English don't object to it but the Scots can't stand it. This is because, after the main TV news in the early evening, announcers say they are now going to the regions, at which point two million Scots rise to their feet, shake their fists and shout: "We're not a region - we're a country!"

Our new Moreover Dictionary of Instructions will come as a blessing to anyone who has read the instructions on a new purchase and still not understood what on earth they mean, especially if they use words like "mode", "activate" and "display", but especially "mode". The trouble is that most sets of instructions are written in languages which only seem to be English. Anything to do with computing or calculating, for instance, is written in inscrutable Japanese English.

Again, instructions on shampoo bottles are written in sub-Mills & Bohn English ("To get the most wonderful sheen and a new springtime loveliness to your locks, simply...") and contain words like "sheen" and "locks" which today's teenager has never seen before. Bottles of mineral water, by contrast, adopt the English more suitable to Conan the Barbarian: "These waters were laid down aeons of time ago, under the great rocks of the Thracian plains, and have now forced their way to the surface, rich in those atavistic minerals

Paul Johnson urges a full national debate on closer political union

There is something radically wrong with our political scale of values. Last winter Parliament worked itself into a state of frenzy about a proposed change of control of the Westland helicopter company. Two cabinet ministers resigned. The Prime Minister's position was shaken, some said permanently. Yet when Westland was actually restructured no one in politics appeared to take the slightest notice, and the consequences are minimal.

In the meantime, the government has accepted, and Parliament is now enacting, legislative changes in our relations with the European Community which will affect the lives of every man, woman and child in this country. These changes are fundamental and irreversible. Yet the event is passing almost without comment. It has aroused no passion in the cabinet, in the Commons or in the media.

When Britain was deciding in 1972 whether to join the EEC, at least there was a national debate. In the subsequent referendum we all knew (more or less) what we were doing. Now we are taking a gigantic further step in our commitment to the Community, of comparable importance to its initial joining, and no one seems at all interested.

One reason is the sheer soporific effect of the leaden jargon with which the EEC conceals its doings. Just studying the three relevant parliamentary papers on the current proposal is enough to induce narcolepsy. Civil servants of a certain kind delight in this airless world; and they of course are in control of it. But for flesh-and-blood creatures, who like the clash and drama of politics, it requires extraordinary self-discipline and tenacity to master the subject, and very few do.

The somnolence with which Parliament has treated the question has been compounded by the trance-inducing character of Sir Geoffrey Howe. In so far as any cabinet minister is in charge of this issue, he is; and he has an extraordinary capacity - it almost amounts to genius - for taking the drama out of events, transforming anger into yawns and persuading politicians anxious to question him that they have another and far more urgent appointment.

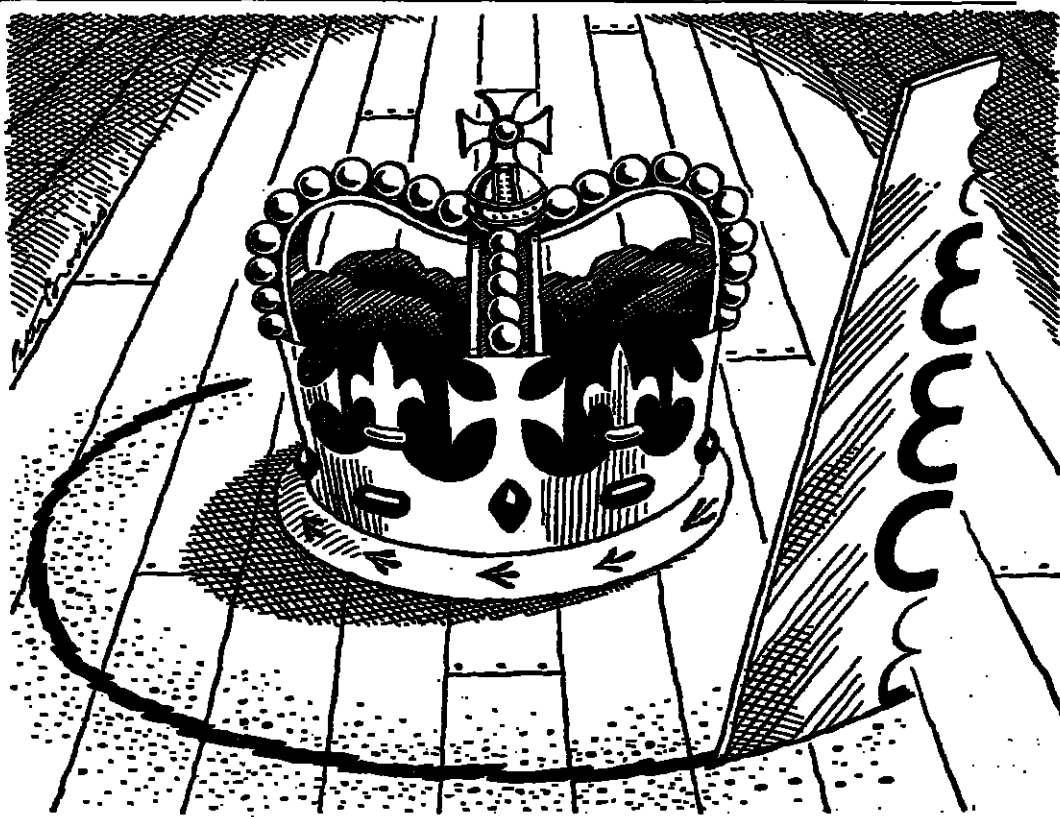
He is as comfortable in the hands of his Foreign Office officials as a baby in a bassinette, and loves the experience. He radiates sleepy reassurance and supine complacency. It was quite true, he told the Commons Foreign Affairs Committee, that Britain had not got what she wanted in the negotiations. Rather the contrary, in fact. One the other hand, what had emerged was jolly good too.

It would have been quite a different matter if Mrs Thatcher had taken an interest in this business. When she picks up an issue, instantly the air begins to crackle with tension, hackles rise, men unheath their adjectives. But she has no enthusiasm for the EEC, which she regards as a regrettable necessity, and has little but contempt for its doings. Uncharacteristically, she has allowed herself to be persuaded by Sir Geoffrey that the bill now going through Parliament is unavoidable, part of the tiresome process of EEC membership, just more of the same.

The political buzz-word of the year is "caring", which is an ideological signpost and slogan rather than a description. By the next election it will have become so worn and tired that we shall have to find another word to encode for the job.

For a number of years a similar process of political erosion has been eating away at the attributive noun and adjective "community". The process is slower and less noisy than the worsening of "caring" because "community" is not in the political front line. But the linguistic shift still reflects the political argument.

"Community" is quite an old word in English, going back to at least the 14th century, and standing for the kind of abstraction, scribbles, and others of the bossy classes. Jeremy Bentham got the best right: "The community is a fictitious body, composed of the



EEC trickery that Thatcher must halt

But it is not more of the same; it is a substantial dollop of something quite different. The title of the legislation, the European Communities (Amendment) Bill, is misleading. So, indeed, and perhaps deliberately, is the name of the international agreement to which it gives effect: "The Single European Act". It is not an act at all. It is, in effect, a completely new treaty, which ought properly to have been placed on a level of significance equivalent to that of the original Treaty of Rome.

For what the act, and therefore also the bill, do is what successive British governments have repeatedly said they would not do: take Britain into a European political union. Indeed the preamble of the act says as much. It will transform relations among the EEC states "into a European union" and it will "invest this union with the necessary means of action".

The select committee appointed by the House of Lords to scrutinise such proposals concluded bluntly and bleakly: "In the long term the position of the United Kingdom Parliament will become weaker." Again: "The powers of the United Kingdom Parliament will be weakened by the Single European Act. The committee draws this important fact to the special attention of the House."

The Commons Foreign Affairs Committee agreed with this verdict. The changes, it says, "signify a movement towards greater collective action in the Community". Two leading experts, Peter Horsfield QC and Leolin Price QC, state as their opinion: "The

act plainly involves important constitutional changes." It is "a step towards establishing a European political union".

In that case why was not the act called "The European Political Union Treaty"? And why was not the change presented to Parliament, and the public, as "an Act to Create a European Super-State"? The answer is that to do so would have been to tell the truth; and the EEC establishment, and our own government, know that the truth would be much more difficult for the public to swallow.

When Britain joined the EEC we had to accept that membership would involve some limitations to our national sovereignty. But the understanding was that these limitations were finite, and that they were plainly set out or implied in existing EEC legislation. Any further limitations would be carefully negotiated by us from a position of strength within the EEC. The symbol of this strength was to be our national veto.

The essential point of the new treaty is to abolish the national veto over the whole range of social policy. Within this area, Britain will no longer be able to impose further reductions of its sovereignty, however fundamental. For the absolute veto, the new arrangement substitutes what is called "qualified majority voting".

With the accession of Spain and Portugal, the number of votes adds up to 76. Britain, as a major member, has 10, no more than Ireland, Greece and Luxembourg together. Fifty-four votes constitute a qualified majority. So

Commune il faut

Philip Howard: new words for old

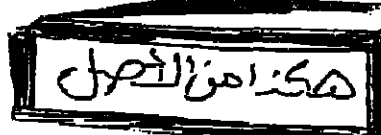
individual persons who are considered as constituting, as it were, its members. The interest of the community, then, is what? The sum of the interests of the several members who compose it."

It has become a vogue word since the war because of the various bodies of nations called communities that acknowledge unity of purpose or common interests, such as the European Community and the European Defence Community. It is, as its form shows, a close relation to communism. It is a huray-word, indicating approval; it is a word from the wet and pinkish wing of the political playground; and it is a

weasel word, sucking hard description out of the sentence in which it appears, and leaving a pious scent of incense in the air.

In the past 30 years or so we have coined "community" care, feeling, life, living, spirit and theatre. Your community centre originated in the United States and has come over here. Community singing is good fun for those who do it; but not necessarily so for listeners. In America a community college is a local institution offering courses for those who have left school. Community chest is a boring stack of cards in Monopoly, and an American charitable fund.

But apart from these quite concrete and descriptive uses, we now speak of the world community, the European community, the Roman Catholic or Protestant or Unitarian or Muslim or Flat-Earth community. Patients are discharged from hospital into the community, which can mean anything from being chucked out into the wicked world to being put under the care of the local authority. Community means anything you want it to mean. It is a warm though woolly thing. In "Thought for the Day" and "Prayer for the Day", those remarkably silly BBC audaces for shaving to, it is par for the course for "community" to be used four times in as many minutes. When you hear "community", prick up your ears and ask yourself what is being implied. Good advice for any word; but especially for trendy shout-words.





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GARRET AND GOD

The Irish constitution reaches its fiftieth birthday next year and, like many such documents, advancing age brings increasing strains as the society for which it was originally designed changes around it. On Thursday, the Republic's voters take part in a referendum on the introduction of a limited measure of divorce, which is the latest in a series of issues which have arisen as a result of the social changes of the last half century.

In that time, Ireland has undergone profound demographic, economic and social transformations. It has a much younger population, which has become - in spite of current economic agonies - much better off and a higher proportion now lives in towns and cities. The social consequences of these shifts - which are paralleled elsewhere in Europe - have brought pressure for legal and constitutional change, particularly in the last two decades. At the same time, the troubles in Northern Ireland and debates over reunification have thrown into sharp relief the differences in moral law and practice on either side of the border.

The explicit recognition of the Roman Catholic Church's "special" position in Irish law and life has been removed from the constitution. After a bitter public debate, a ban on abortion has been included; the law on contraception has been progressively liberalised. In 1973 the Irish hierarchy accepted, for the first time, that the state's responsibility for the public good was not automatically the same as the

church's care for its flock. Since then, the balance of change has been in a cautious liberal direction and towards the separation of canon law and civil statute. In the current instance of the proposal to allow divorce (albeit only after satisfying stringent tests), public opinion appears to be slightly in favour of allowing the amendment. It is widely assumed that if the amendment falls this time, something similar will be passed within the next few years.

The battle pits those currently unhappy against those who might be made unhappy by a change in the law which brought a greater number of divorces in its wake. The current state of marriage, welfare and property law has created a growing number of anomalies, miseries and injustices left uncorrected by a civil law which does not recognize divorce at all. The campaigners against the amendment argue that it will create fresh sets of inheritance and property problems and, as elsewhere, licence an unstoppable increase in marriage breakdown. But this last claim rests on a presumed sequence of cause and effect which seems dubious. Divorce laws have often been liberalized or introduced in order to catch up with the state of broken marriages as they already exist. Other forces in culture, society and individuals dissolve marriages, and that in turn erodes the usefulness of a law which further complicates matters if it takes no account of what is happening in ordinary life. The church rightly wishes to provide safety nets

against marriage breakdown, but it must find a more suitable one than the civil law. Thursday is an opportunity for a humane change.

The Irish Prime Minister, Dr Garret FitzGerald, has been careful not to overstate any hopes that the change, if it goes through, might soften the hearts of unionists in the north who object to any prospect of "Rome Rule". But the northern dimension is important not because of any possible effects of a change in southern law in the short term but because of the indirect influence of religion on communal division. It would be oversimplistic to say that religion is the root cause of violence in Northern Ireland, but denomination underpins and defines the separation of communities. That separation plays its part in maintaining old enmities. Any reduction in the avoidable frictions between religions which are practised by neighbours must play its part in reconciliation, however slowly.

But the true significance of the divorce referendum and other similar reforms may lie in education. There have been hints from Dr FitzGerald's direction that ultimately he might wish to loosen the church's grip on schools. Any change in the church-school relationship in the south would eventually produce pressures for change in the north. And any movement towards breaking down the barriers, both human and institutional, between the children of different communities would be welcome.

A NEIGHBOUR IN DEBT

Ever since the mushroom of international debt began to hang like a cloud over western governments, Mexico has been the critical factor. Poland worried European banks and their governments; Brazil stood out for the sheer size of its economy and its debts; Argentina's debt problem was magnified and complicated by the Falklands war. But Mexico is the intimate concern of the United States, and neighbourhood politics have both heightened and exacerbated financial relations. The abrupt departure of Mexico's respected finance minister has touched a raw nerve in Washington.

Mexico is just about eight times the size of the United Kingdom, and to much of America that ratio also measures the relative importance of its third-world neighbour and its first-world cousin. It was when Mexico warned that it was running out of money to repay its bank loans, back in 1982, that the problem of international debt forced its way on to statesmen's agendas. For some time it seemed that Mexico might conveniently provide the exemplar for other debtors. Central and commercial bankers, officials of the US Treasury and the International Monetary Fund, could all point to Mexico as a case-study in skilful debt rescheduling and sensible institutional support.

In 1983-84, Mexico embarked on an economic

stabilization programme ambitious enough to satisfy the IMF, and came to terms with its bankers. Mr Jesus Silva Herzog, Mexico's finance minister, became an international figure of repute, until this week much favoured by Mexico's bankers to succeed President Miguel de la Madrid in two years' time.

Last year, however, fortune turned against Mexico. In human terms, the earthquake in Mexico City was the worst disaster, but it was the sharp fall in the price of oil that began last autumn which did most financial damage, crippling those whose grip on Mexico's finances were already slipping. Mexico lost sight of its IMF targets. A new round of negotiations with its lenders in the international institutions (behind which stands the US Treasury) began this year from the poor starting point of flagging output and rising inflation.

Worries about Mexico did much to explain the change of tune sung by the US Treasury Secretary, Mr James Baker, who last autumn launched an international debt initiative which talked much of support for growth policies and less of the need for economic austerity. A new package of support for Mexico, earning the confidence of the banks, was the first test of Mr Baker's initiative.

The task was nearly done. The US Treasury half-announced an international

package of public and private finance for 1986. In Mexico, the strains were too great. Mr Silva Herzog suffered the conventional fate of the go-between. His successor is said to subscribe to most of his views. It is not clear he has the force of personality to impose them on the rest of the Mexican government.

At the very least, the change of pilot will further, dangerously, delay a deal with the IMF; worse fears that Mexico may declare a moratorium, either in theory or in practice, are rumbling through Washington.

Such a development would cause wide ripples of damage. First, to the fragile illusion that the world debt problem, though serious, is under control. Second, to Mr Baker's resumption of American responsibility, through an initiative to have failed its very first test. Third, to Mexico itself, setting back the momentum of economic reform long overdue, painfully begun and far from complete. And fourth, to relations between the United States and Mexico, the one third-world country whose health and humour are of inescapable importance to the most powerful economy on earth. It should not be beyond American skill to devise ways of averting the danger, nor beyond Mexican sense to come to terms.

North and South

From Dr Peter Gold
Sir, I too, saw the Panorama programme on unemployment referred to by the Reverend John Giles (June 16) and I felt a great sense of frustration at the mismatch between the geographical location of work available in the South and willing workers living in the North.

But the suggestion by Mr Giles, even if feasible, is not the answer. His call for Government assistance to bridge differentials in house prices so that people can afford to move south (a) assumes that the job-seekers own their own homes, whereas many will be council tenants who stand in no hope of obtaining similar property in the South; (b) minimize house-price differentials, which can be 100 per cent or more; (c) assumes that there are buyers for homes in the northern towns which can offer no jobs; and (d) accepts the notion that families should be expected to uproot themselves in order to find work.

I suggest that a more far-reaching - and I believe acceptable - solution should be sought. This country has long since needed a proper regional development policy, whereby central government would enable regions to attract investment through the establishment of regional development agencies and regional enterprise boards.

A solution to this problem will only come when we have a government which recognizes that there is life north of Watford and that people want to live and work there. It must be central

government's role to give the capacity to the regions to develop their own future.
Yours faithfully,
PETER GOLD,
39 Edgehill Road,
Sheffield, South Yorkshire,
S11 7JF.

Role of warships

From Dr T. J. G. Francis
Sir, I was intrigued by Lieutenant-Colonel Wythe's assessment of the viability of the surface warship (June 7). It has been recognised for some time that the capital ships of today are nuclear submarines. But there is one function of surface ships which the submarine cannot successfully perform - "showing the flag".

This has been a traditional peacetime role of warships for generations, serving both to succour one's friends and to impress one's competitors. Nuclear submarines, however, are much too vulnerable on the surface and too valuable to be allowed to loiter about in foreign ports.

How then would this role be performed if the original players were no longer available? Indeed, is there still a role for warships to further a nation's political and economic aims in this way?
A solution to this problem which France and West Germany have hit upon in the last ten years is to use their oceanographic research ships. These vessels regularly operate in the Far East and the SW Pacific, visiting countries such as Japan, Indonesia, Fiji etc almost every year. By contrast, no British oceanographic ship has operated in the eastern Indian

Ocean or the West Pacific in the last thirty years.
Yours faithfully,
T. J. G. FRANCIS (Head of Geology and Geophysics),
Institute of Oceanographic Sciences,
Brook Road,
Wormley,
Godalming, Surrey,
GU8 5PU.

Unfruitful sideline

From Dr Alan Bullock
Sir, This morning I received through the post a cheque for royalties which have accrued on one of my publications, which appeared a few years ago. A splendid large document accompanying this cheque, itself of no mean size, proclaims that I am the proud recipient of 96p, which I will no doubt have to declare on my next income tax return.
I would not claim that this is entirely typical of payments that those in my profession receive for the fruits of their scholarly labours; none the less those who currently hold universities and their staff in some disrepute might care to reflect on the implications of a situation in which this kind of thing can happen and, perhaps, cease to grumble or to marvel at the current attempts on the part of the Association of University Teachers to obtain a salary increase for academics.
Yours faithfully,
ALAN BULLOCK,
University of Leeds,
Department of Italian Language and Literature,
Leeds,
June 11.

LETTERS TO THE EDITOR

Fallibility of research assessment

From Lord Swann, FRS
Sir, One can well understand why, in the present climate, the University Grants Committee felt it would be prudent to attempt an assessment of the quality of academic research. But to judge from comment in your columns and elsewhere, it seems to have been an unfortunate exercise, on which it would be unwise to put undue weight.

Some universities and some departments have scored well, which is pleasing for them. Others have scored poorly, which must be dispiriting. At the same time, as an erstwhile vice-chancellor, I am well aware of how readily the research quality of departments can change, for the better or for the worse.

What, then, is likely to be the net result of this assessment a few years hence? I hope it will not have generated too much satisfaction amongst the high scorers, with a possible decline in quality; and that the low scorers will have taken heart and proved their ratings wrong.

We hear a lot these days of the merits of "peer review" and it may, I suppose, be the best method we have of making instant judgements on the quality of research; but it is notoriously fallible. Research is most often undertaken when it does not fit with current orthodoxies, or is deemed to be unfashionable. Yet it is from just these areas that important work often emerges.

S Africa sanctions

From Miss Cornelia Navari
Sir, Economic sanctioning is based on the notion that a state is not merely responsive to, but penetrated by and indeed dependent on economic interests. In South Africa it is not obvious that this is the case. The para-statal industries, occupying a very large part of the economy and employing some 30 per cent of the white population, were created and are supported by the state apparatus. Those who benefit from them are dependent on that apparatus for survival, not vice versa.

Government has also proved remarkably successful in pushing other key industries to adopt policies in keeping with its political posture, often against their own understanding of their "interests". Moreover, the large capital now floating about in the South African economy is going abroad, presumably to assure its own wellbeing there. Sanctions are likely to increase the flight of capital.

Secondly, the apparatus of repression is not primarily economic. It is through the manipulation of the legal order that not only apartheid but a position of unassailability by means of ordinary law is maintained among Western administrations is maintained.

The few who are endowed by

Unfair gibe at Uruguayans?

From Mr Ralph Emery
Sir, Mr Simon Barnes, commenting in your sports columns today (June 18) on World Cup TV, may be justified in criticising the behaviour of Uruguay's professional footballers, but to aver that Uruguay has dealt itself a crushing blow, has made a billion enemies and that, in the eyes of the world, the entire Uruguayan nation are cheats is not onlyarrant nonsense, but it gratuitously insults a small but proud nation, friendly to Britain since we helped to establish its independence in 1828.

The writer is perhaps too young to remember the lone stand in South America taken by Uruguay at the outbreak of the Second World War in support of the Allied Forces and in particular the attitude of the people towards Britain in those heroic days. The episode of the German battleship Graf Spee, the volunteers who came over to join up, the collection of funds for Spitfires, the food and clothing parcels sent to the UK, the welcome given to British troops resting in Montevideo on their way home from other stations, all these were typical manifestations of Uruguayans as people. They were, and continue to be, sincere, friendly and civilised.

Unfortunately, all sense of perspective seems to get lost among the minority of the world's population that watches football. It is no excuse for insulting an entire nation.
Yours faithfully,
RALPH EMERY (Vice-President, The British Uruguayan Society),
11 Ironmonger Lane, EC2,
June 18.

Soil survey map

From Mr J. M. Hodgson
Sir, While accepting wholeheartedly Mr E. A. Edmonds's point (June 16) that systematic surveys of soils and geology are essential for our country's future I feel that he is a little out of date. In 1983-84 the generalised 1:100,000 soil map was superseded by a 1:250,000 map of England and Wales which was not based on extrapolation from Geological Survey maps but was derived by field survey during the previous five years. This map, with its six accompanying regional bulletins, provides a wealth of information about our soils which could not be obtained from geology maps.

Mr Edmonds also says that both surveys publish at the 1:50,000 scale; alas, this is no longer quite true as the Ministry of Agriculture has withdrawn funds from strategic soil mapping at this scale. Although there are four 1:50,000 maps in the pipeline none has yet been published.

Finally, although it is true that the two mapping programmes are not formally co-ordinated, funded as they are by different ministries and administered by different research councils, there have been close links at various levels for many years and we look forward to continued and increased co-operation.
Yours faithfully,
J. M. HODGSON (Chief of Field Surveys),
Soil Survey of England and Wales,
Rothamsted Experimental Station,
Harpenden, Hertfordshire,
June 17.

Increases compared

From Mr David T. Welch
Sir, In the Finance and Industry section of today's edition (June 16) your leading article states: "Factory pay rises down but still too high, say CBI".
The Sunday Times of the previous day tabled the 1985 pay increases of Britain's 100 top company directors. These averaged out at 28.3 per cent, compared with the 6.25 per cent for employees in manufacturing industry, which the CBI says is still far too high. Is this a classic case of "Do as I say, not as I do"?
Yours faithfully,
DAVID WELCH,
30 Sunnyfield,
Mill Hill, NW7,
June 16.

Hampton Court limes

From Mr W. E. Matthews
Sir, I was interested to see Mr Marius Goring's letter (June 14) commenting on the latest developments in the Department of the Environment's campaign to have the lime avenue surrounding the Great Fountain Garden removed and replaced.

The arguments put forward against a gradual replacement of levels of taxation, but they are not much illuminated by this kind of special pleading.
Yours faithfully,
ALAN NEALE,
95 Swains Lane, N6,
June 16.

ON THIS DAY

JUNE 23 1870

Our Occasional Correspondent was Malcolm McColl, whose article exceeded 8,000 words

THE AMMERGAU MIRACLE PLAY

(FROM AN OCCASIONAL CORRESPONDENT.)

OBER-AMMERGAU, JUNE 8. Neither visitors nor natives, I take it, had much sleep here on Sunday night. A band of music paraded the village in the early part of the evening, and all through the night the air was alive with the sound of human voices, the tread of many feet, and the rumbling of carts and carriages, with now and then a boom of a gun. The inhabitants began the day with solemn acts of worship to Him the details of whose passion were about to be acted before their eyes "for the thankless worship and editing contemplation." There were masses every hour from 2 o'clock to 7. Our landlady had our breakfast ready for my friend and myself at 6, and we went our steps towards the theatre about 7. The day was gloomy. It rained all through the night and early morning; but now only a few drops fell at intervals. Still the weather looked anything but cheerful. The sky was leaden and sullen, and the surrounding mountains were covered with thick mist down almost to their base. On reaching the theatre a few minutes after 7 we found it full almost to overflowing, except the comparatively small portion which was roofed over. This was about half full. We presented the tickets which Herr Gutsfeld had procured for us, and were shown into the two best seats in the theatre - the arm-chairs intended for Royalty, which I mentioned in my last letter. Royalty had not put in an appearance on this occasion, and so our kind host managed to get the vacant chairs assigned to us. Considering that the play lasted eight hours and a half, with an interval of an hour in the middle, it was a great boon to be seated in a comfortable arm-chair, with a ledge in front for one's book. Before the clock struck 8 the theatre was as full as it could hold, and presented a picturesque appearance. Every variety of dress was represented, from the last Paris fashion to the traditional costume of the Tyrol. The maintenance, which consists of a shooting jacket with green collar and facings, a waistcoat adorned with rows of shining buttons, short breeches reaching within two inches of the knee, and green woolen leggings which cover the calf, but leave the knee and about an inch of the small part of the leg exposed...

Here the writer began to describe in detail the action, scenes and tableaux.
So ends the most remarkable relic still surviving of the old religious drama. I went to see it with very mixed feelings. From what I had heard and read I was prepared for a striking exhibition, but also half prepared for some rude abuse to one's natural sense of religious propriety. So impossible did it seem to represent on a public stage and in a worthy manner the sublime story of Gethsemane and Calvary. Well, I have seen it, and I shall go home with the conviction that the thing is not impossible where a vivid faith and an intense devotion are combined in the representation. I have never seen so affecting a spectacle, or one more calculated to draw out the best and purest feelings of the heart. It is, of course, impossible to answer for the feelings of others; but I can say for myself, and for several other spectators of the play whom I have consulted, that there was nothing from the beginning to the end that need shock the most sensitive religious instinct. We are too apt to forget that the deepest and the most lasting impressions are generally those which reach the mind through the eyes. A good portrait of an absent friend gives a far better idea of him than the most brilliant verbal description; and this is true in a special degree of minds not accustomed to trains of reasoning. By means of images imprinted on the eye their minds will grasp a fact in a few hours a whole series of facts which it would take months, perhaps years, to convey to the understanding without the aid of a pictorial representation; and even then the impression will not be half so real or so enduring as that which passes through the avenues of the senses. Here in a single day the history and destiny of the human race were engraved on the minds and hearts of some thousands of persons in a way they are never likely to forget...

Shunted

From Dr R. H. Mackay
Sir, With respect to Dr Black (June 16), "Hurrah, hurrah she's going to Crewe" would tell me more about the patient's doctor than the patient.
Perhaps the notorious delay in transfer of records has an advantage after all.
Yours faithfully,
R. H. MACKAY,
Temple House,
Station Road,
Churchdown, Gloucester,
June 16.

Knowing one's place

From Mr Joseph Xavier
Sir, Ever since I was a lad I have had an identity crisis. I thought I was a Negro, but was later corrected and told that I was coloured. However, a friend who looked much like me assured me he was African. Soon I was to discover that we were both black. But now, at last, I have truly found myself - I am of ethnic origin (caption, p.2, The Times, June 17).
Yours sincerely,
JOSEPH XAVIER,
41 Windsor Road, W5,
June 17.

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Making money out of money-making

Today an exhibition opens in London that celebrates the Royal Mint's 1,100th anniversary. Alan Hamilton meets the modern Mint's chief executive

Dr Jeremy Gerhard must be one of the only manufacturers anywhere who relishes the thought of inflation...

Over the 11 years since the Mint was put on a commercial footing, 24 per cent of its sales have been in making the UK coinage for circulation...

The Royal Mint is a separate government department and Dr Gerhard, its Deputy Master, who acts as its chief executive and accounting officer...

Since 1975 the operations of the Royal Mint have been financed by means of a Trading Fund in accordance with the 1973 Government Trading Funds Act...

Profit in 1985 exceeded £5m

are the Crown Suppliers and the Stationery Office. It means in effect that the Royal Mint has to be managed as a commercial enterprise...

Which is why Dr Gerhard likes inflation and revolutions: inflation means more demand for coins, and revolutions almost always mean that a country's coinage has to be entirely replaced...

Its corporate plan covering a five-year period is "rolled forward" each year and is an important instrument of management control...

Making the standard British coinage offers the Mint the least opportunity for commercial enterprise. As Dr Gerhard explains: "The UK coinage is a monopoly - our only monopoly - so our profit is restricted..."



and sell pieces of metal. When we deliver coins to the banks we collect the face value and pass it straight on to the Treasury.

But the UK coinage is still big business. In April of this year approximately 11,500 million coins of all denominations were in circulation...

Coin is curious stuff, and not at all like paper money. You could, in theory at least, deposit a £1 note with the

Bank of England and earn interest on it, but you can do no such thing with a £1 coin. There is a net loss of coins every year; they just disappear, presumably down the backs of the nation's sofas.

Every Monday morning, the Mint meets representatives of the clearing banks to inquire how much coin they will need for the following week. Bank A may be accumulating vast amounts of coin, from vending machine operators down to an amusement arcade...



Change in time: Dr Jeremy Gerhard, the Mint's chief executive, and (above) making coins at the Tower of London in 1809

can rocket if, for example, a packet of cigarettes rises from £1.20 to £1.22.

By far the commonest coin at present is the penny, with nearly 4,000 million in circulation. It is the one British coin whose cost of production is now coming perilously close to its face value...

New 20p coin 'a great success'

dispose of the need for more 10p coins than would a 25p, so 20p it was.

Dr Gerhard and his colleagues listen to many submissions when a new coin is in preparation, chief among them the views of the vending industry and of the blind.

the needs of the blind, being very thick. Originally it was going to be much thinner, to suit the requirements of the vending industry, but the blind took precedence.

Nevertheless the operators of vending machines are a powerful voice in coin design. "One of the factors leading to the £1 coin was London Transport's demand for a high-denomination coin so that they could sell higher-priced tickets for their longer Underground journeys from ticket machines, to cut queues at the booking office windows."

Some vending machines are now highly sophisticated, and coins have to be made from an alloy that their electronic sensors will be able to identify as the genuine article.

"The coinage changes by evolution, and very slowly, except on very rare occasions like the introduction of decimalization," says Dr

Gerhard. "Generally it is a slow process of inflation, with the lowest denomination dropping off the bottom, and high denominations being introduced at the top."

"The British do not, on the whole, like regular issues of commemorative coins, except on the rarest, and usually Royal, occasions, like a Coronation. We thought it most unlikely, for example, that Britain would wish a World Cup commemorative - whatever the results from Mexico."

The British may not like commemorative coins, but they are extremely fond of medals - 650 awarded in the recent Queen's Birthday Honours. It is another side of the Royal Mint's work which Dr Gerhard, a distinguished career civil servant, advertises proudly on his lapel when he is in full formal dress. His insignia of a Commander of the Order of Bath, naturally, he made himself.



Roger Bannister (England) Gold Medalist at 1 mile - 1954; Peter Snell (New Zealand) Gold Medalist at 800 yards and 1 mile - 1962; Kip Keino (Kenya) Gold Medalist at 1 mile - 1966 and 1500 metres - 1970; Steve Cram (England) Gold Medalist at 1500 metres - 1982



The 1986 United Kingdom Proof Gold Set comprises: Sovereign, the new Double Sovereign and Half-Sovereign

On your marks, get set...gold.

Celebrate the 1986 Commonwealth Games with limited-issue gold and silver coins from the United Kingdom...but hurry.

In 1954, at the then British Commonwealth Games, Roger Bannister made history by breaking the 4 minute mile...again.

In the 1966 Games no less than 15 world records were broken in the swimming events alone. Undoubtedly, in the summer of 1986, more records will fall and new stars will emerge at the XIII Commonwealth Games in Edinburgh.

To mark this historic occasion the United Kingdom has taken the unprecedented step of issuing a very special new coin. The new United Kingdom £2 coin.

THE FIRST EVER LEGAL-TENDER COIN FROM THE U.K. TO MARK A SPORTING EVENT

The 1986 £2 coin is in itself a piece of history. Because it is the first ever legal-tender coin from the U.K. to mark a sporting event. This is good news for collectors of British coins.

And also for the growing number of collectors who specialise in coins depicting sports.

THE 1986 GOLD PROOF COINS

Now, you can be one of the few - throughout the world, to own this historic coin (the Double Sovereign) in gleaming 22-carat gold.

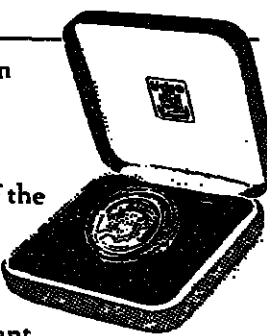
Either on its own, in an elegant presentation case, or as part of the 1986 3-Coin Proof Set.

In addition to the new Double Sovereign, the 1986 Gold Proof Coin Set comprises two famous British coins: the Sovereign and Half-Sovereign.

A maximum of only 12,500 sets will ever be issued. And only 5,000 Double Sovereigns, 12,500 Sovereigns and Half-Sovereigns will ever be available individually.

THE 1986 SILVER PROOF COIN

This is the first ever £2 coin to be struck in silver. Until now, it has only been available in gold. Like the 1986 gold version, the reverse design depicts St. Andrew's Cross together with a Scottish thistle and victor's crown of Laurel leaves.



The 1986 Sterling Silver coin comes in an elegant blue presentation case.

The obverse bears the new portrait of Her Majesty the Queen by the artist Raphael Maklouf. The silver coin is struck in sterling (.925) silver to the highest quality-Proof standard. Only 75,000 of these superb coins will ever be issued.

ONLY LIMITED QUANTITIES ARE NOW AVAILABLE

Taking into account that issues are limited and demand is likely to be high from collectors throughout the world, please place your order as soon as possible.

COINAGE SPECIFICATIONS

Table with 6 columns: Denomination, Composition, Standard, Diameter, Weight, Worldwide Issue. Rows include 1986 3 Coin Gold Set, 1986 Double Sovereign, 1986 Sovereign, 1986 1/2 Sovereign, and 1986 £2 Silver.

The new £2 coin, like the UK Crown, is not intended for general circulation. It is purely a commemorative issue.

Every year, the Royal Mint issues a complete set of all the circulating coins of the United Kingdom. These are struck in base metal (non-precious) to gleaming Proof quality.

The 1986 8-coin Proof Set shown above, comes in a deluxe red leather case.

This year's set contains the new £2 and the new Northern Ireland £1 coin.

The race for all these beautiful coins has already begun. Please complete the coupon below and dash along to your nearest post box.

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To: The Royal Mint, FREEPOST, P.O. Box 500, Cardiff CF1 1YY. (No stamp needed). Please send me the following:

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FOCUS

THE ROYAL MINT/2

The first silver penny, despite marauders

It is not surprising, the Chinese who are generally credited with the invention of coinage, at a quiet moment in their history around the second millennium BC when they were not otherwise engaged inventing gunpowder or printing. The earliest types were small-scale bronze production of common barter objects, like knives or spades.

Croesus of Lydia, the ancient kingdom of Asia Minor, acquired his reputation for legendary wealth at least in part because he was among the pioneers in the west of the idea of gold and silver coins in the 6th century BC. But the wild tribesmen of Britain did not hear of the notion of precious metal tokens to replace barter until much later.

Minting began among the Celtic tribes of Britain in the first century BC. The earliest coins, crude imitations of those circulating in what is now southern France, were cast in moulds, but the Celtic moneyers soon learned the superior skill of striking coins by hand in dies.

Celtic coinage disappeared with the arrival of the Romans, who brought their own currency into general circulation. For a time at the end of the third century AD Roman coins were actually struck at a mint in London. It was of uncertain location and brief life.

For at least two centuries after the Roman withdrawal no coins appear to have been struck in Britain. But following the consolidation of the English kingdoms, a London mint was in operation again soon after 650 AD, producing gold coins at first but soon switching entirely to silver. These silver coins, known as sceattas, are the first English pennies.

Their existence was at first precarious, and it was only one of many mints up and down the country. It was of lesser importance than the mint at Canterbury, and its production was more than once interrupted by attacks from marauding Danes.

In 886 AD Alfred the Great occupied London and, according to the Anglo-Saxon Chronicle, "all English people that were not under subjection to the Danes submitted to him." Alfred celebrated his success

with a large issue of silver pennies from the London mint, with his own stylized portrait on the obverse and the name "Londonia" in the form of a monogram on the reverse.

That issue provides the earliest reliable origins of the Royal Mint, and it offers the excuse in 1986 to stage an exhibition celebrating 1,100 years of minting history.

At that time London was one of 30 or more mints, which by the reign of Ethelred in the late 10th century had grown to more than 70, mostly in southern England in all the major market towns. The idea that manufacturing money should be a Government monopoly was still a long way off. The coins were made by local "moneyers" to satisfy local needs, in an age when travel to the next town was not an undertaking to be viewed lightly.

By the time of the Norman Conquest their number was in decline, and from the early 13th century minting was

confined mainly to London and Canterbury. From mid-16th century, London's monopoly was virtually complete.

The death of private enterprise coin manufacture appears to have been signalled in 1279 by the appointment of William de Turnemire as master moneyer throughout

England. He had charge over the provincial mints and the several moneyers in London who had their workshops in Old Change, conveniently near the goldsmiths' quarter in Cheapside.

From Turnemire's time, minting became an altogether more regulated business. He moved coin manufacture from the blacksmith's shop of the back streets into the Tower of London. Here the Mint was

to remain for 500 years, and he introduced new denominations of halfpennies and farthings, abolishing the old practice of giving change by cutting silver pennies into halves and quarters.

Gradually weight and fineness of metal became carefully regulated. The Trial of the Pyx, first recorded in 1282, was instituted to have the coinage tested by an independent jury, mainly to ensure that the Master of the Mint was not debasing it for his own profit.

By the middle of the 14th century the whole of the coinage was more or less concentrated in the Tower, although other mints occasionally functioned from time to time. The few remaining ecclesiastical mints stopped during the reign of Henry VIII, so that from then on, except at exceptional moments like the great debasement of the coinage between 1544 and 1551, or the silver recoinage of 1696, all the

In the 13th century coinage was moved from back-street shops to the Tower



Fifty years ago: The reducing room at the Tower, 1930s

The difference a new head of state can make

During its first ten years as a commercial operation, between 1975 and 1985, the Royal Mint's cumulative sales amounted to £607 million, of which 60 per cent represented export work.

In the current financial year, total sales are expected to exceed £70 million of which £40 million will be from overseas sales to more than 70 different countries.

Export business has long been a major part of the Royal Mint's output, and not just from standard coinage for foreign countries. British coins also sell well among foreign collectors. Last year for example, the Mint sold £15 million worth of proof coins to North America.

Competition to manufacture coin is intense. When the Royal Mint tenders for an overseas contract it finds that its most regular competitors

are the government mints of Canada and West Germany, with France and Brazil not far behind.

Countries regarded as the best potential export markets are those with moderately high inflation which leads to an increasing demand for coin. Or those which change their head of state frequently, necessitating a change in the ruler's portrait on the obverse of the coinage. Unofficially, South America is regarded as a good market. Mexico is a prime example of a country with a high-inflation economy which is regularly in the market for more coins to be manufactured.

To comb potential export market, the Royal Mint has for some years been a member of a consortium whose other members are the Birmingham Mint, Imperial Metal Industries, and the banknote printer

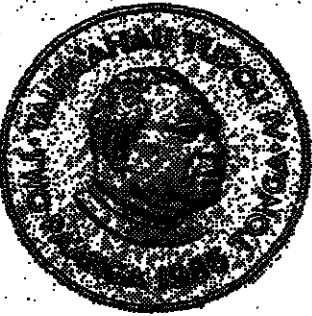
Thomas de la Rue. The latter company, which has extensive contacts with foreign finance ministries because of its highly successful banknote business, acts as agent for the Royal Mint in many countries.

"Most countries want their coin struck by another government mint rather than by a private manufacturer, because it gives them a feeling of much

A measure of the Royal Mint's success in winning overseas coin orders is the fact that it has won the Queen's Award for Export Achievement three times. Orders also include military and civilian decorations and medals, special proof and high-quality uncirculated coins in gold, silver and base metals; commemorative medals for governments, learned societies and private companies; and royal and official seals.

improve the entire range of coin and medal design.

The unique partnership between the Royal Mint, representing the government, and the Birmingham and IMI Mints and De La Rue, representing the private sector, has brought Britain over £400 million in export orders in little over a decade.



The Tongan Two Pa'anga

better security," according to Dr Jeremy Gerhard, deputy master and chief executive of the Royal Mint.

Nevertheless about one-third of the export business won by the Royal Mint, either directly or through de la Rue, is sub-contracted to the privately-owned Birmingham Mint and the IMI Mint in the same city. "The arrangement gives us great flexibility, and enables us to fulfill big orders very quickly," said Dr Gerhard.

The Royal Mint also operates, in conjunction with De La Rue, a joint company known as Royal Mint Services Ltd, which provides advice and technical assistance to foreign mints. It can draw on the experience of its own plant at Llantrisant. This contains some of the most advanced coin machinery in the world, with presses capable of producing 500 or more pieces per minute. With a potential output of 2,000 million coins per year, Llantrisant has a greater capacity than any other mint in Western Europe.

Export business is not confined to mere manufacture. The Royal Mint's tenders just as frequently include the offer to design the coinage, and a wide range of advisory services. Since 1922 there has been a Royal Mint Advisory Committee, currently under the presidency of the Duke of Edinburgh, whose task is to

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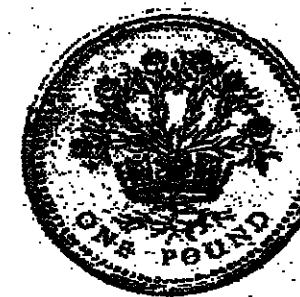
English oak (1987)



Scottish thistle



Welsh leek



N Ireland flax



Charles II crown



Cromwell half-crown

When the proof is in the finishing

There is a world of difference between minting, and making money for yourself. No-one should know this better than the six engravers at the Royal Mint. Although they are at the creative end of the coinage business, they earn less than comparable grades in the Civil Service. Their union is negotiating an increase designed to bring them nearer to parity.

The engraving studio is where it all starts. Orders come in from many countries, some specifying their designs others requesting suggestions. They all fall in the lap of H. T. Elasser, Chief Engraver for the past six years, who has been with the Royal Mint since 1969. Mr Elasser not only does the initial engraving but often provides the design as well.

Other designs go out to competition and the man who probably ought to be in

circulating coins that are produced by the Royal Mint. There are also commemorative seals, medallions and special coins, such as that which has been struck to mark the wedding of Prince Andrew and Miss Sarah Ferguson.

And there are proof coins, regarded as the finest example of the art of minting. They are often struck in precious metals such as gold or silver. Though the processes involved in the production of proof coins are basically those used in the manufacture of ordinary coins, there are several painstaking differences.

Blanks are carefully selected and then burnished or buffed to give their surfaces a shining finish. The burnishing of blanks is done in a vibrating drum using a small steel ball, while for the buffing process the blanks are mounted on rotating spigots and passed under a polishing mop.

The dies too are specially selected and prepared to ensure that the design detail is extra sharp. The relief design of proof coins usually has a frosted finish to contrast with the polished mirror-like background. This is achieved by first blasting the dies with very hard particles to produce the 'frosted' and then carefully polishing the flat surface of the die with diamond paste.

These specially prepared dies and blanks are brought together for striking in a dust-free atmosphere, the handlers wearing gloves. Each blank is placed in the coining press and often struck two or three times to achieve perfect clarity of design detail.

Mr Elasser and his team will probably start with a design on a piece of paper

and then produce a model in plaster many times the actual size of the required coin. From the model is taken a rubber mould which is electroplated successively with nickel or copper. Peeled away from the rubber, this yields a replica of the artist's model in metal - what the coin makers call an electrolyte and the layman would see as the template.

The template is mounted on a reducing machine where its details - the base, relief engraving - are scanned in a fine spiral by a tracing needle at one end of a rigid bar. The oscillations imposed on the tracer are repeated by the bar in reduced amplitudes to a rotating cutting head which copies them on in coin scale into a block of soft seal. After heat treatment, this becomes the hard reduction punch.

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Final details on die inserted by hand

By use of a hydraulic press, this punch is then impressed into a further piece of soft tool steel to produce a matrix. Any details of the design which may have been omitted from the artist's model, such as beading around the circumference, are then inserted by hand, after which it is hardened. The matrix, in effect, becomes the master die from which further punches - working punches - are produced in the hydraulic press and these in turn are used to produce as many working dies as required.



Craftsman checking gold proof coin

Michael Hatfield

Political pitfalls in coin design

the Guinness Book of Records for his success in this field is 74-year-old Leslie Durban, of Richmond, Surrey.

He has produced all four of the £1 coin deviants: a thistle for Scotland, a leek for Wales, flax for the recent Northern Ireland coin, and, to be issued next year, oak for England.

It can be a tricky business designing coins because symbols often carry political overtones and may need to be avoided like the plague. That is why Leslie Durban came up with the flax, symbolizing Ulster's traditional linen industry.

It is not only common-or-garden

Everything for the collector, and the choice is vast

Coin collecting is more widespread than is popularly supposed. The legacy of most foreign holidays is to be found in those caches of pesetas, centimes and crumpled lire notes lying about in odd corners and inevitably forgotten when the next holiday comes around.

But as a hobby coin collecting can start from small beginnings and those few coins may stimulate an abiding interest for a child which will give pleasure for years to come. Collecting need not be associated with the outmoded image of someone secretive and solitary, bent over coins of priceless worth.

Once regarded perhaps as a rich man's hobby and the preserve of the historian and academic, it is today a pursuit that with care and judgment will reap intellectual and aesthetic rewards at fairly moderate cost. At the same time it will broaden horizons by inculcating a new perspective on the history of man, on geography of the old world and the new and on the economic patterns that have shaped his environment.

To learn that in order to raise money, Henry VIII progressively diminished the purity of gold and silver coin, is



A cascade of blanks pouring out at the Mint

to bring history suddenly alive (fortunately Elizabeth I undertook a complete recoinage and killed "the hideous monster of the base moneys.")

The would-be collector is first of all faced with a choice he may well find awesome. Where to start, which countries, old coins or modern coins? No wonder the early and investigative mind reels the more it looks at the possibilities.

Most dealers will recommend some form of specialization, whether by nationality or period to limit the field at the outset. It is not merely a question of acquisition. The idea is to become expert in any chosen field by building up knowledge of the subject. How else will judgment be exercised when faced with a decision to buy?

Because of their availability, modern coins are often suggested as a starting point and there is no lack of choice.

Coin Club boost for young enthusiasts

Some collectors will favour designs by theme such as transport, wild life, flowers or some other subject that appeals to their imagination.

The Royal Mint is quite busy - during April this year 11,500 million coins of all denominations were in circulation - but it still finds time to engage in some special marketing on the side through the Royal Mint Coin Club.

It was in 1970 that the Mint set up a numismatic bureau to help the collector of modern coins by means of an information service on all new issues. The bureau was renamed in 1981 and the Coin Club membership now stands at more than 300,000. Enrolment is free and members receive a regular newsletter and brochures of new products.

Mail orders are collated by computer and then passed to a mailing house which operates on a "first come, first serve" basis to ensure a fair distribution of new coin sets. This is of special importance when a new issue is in great demand.

The Coin Club sees it as a prime function to encourage the young collector and sales are often geared to simple presentation folders containing a single coin such as the Welsh 1985 £1 struck in brilliant uncirculated quality (one of many technical terms in the language of the numismatist). This retails at £2.60 while slightly more up the scale specially struck samples of all UK circulating coins are on offer for £4.50.

The schools are not forgotten and the Coin Club markets information packs. These

show the history of coinage from Roman times, with wall charts illustrating the manufacturing of coins, the development of the Royal Mint and the coins the Mint has produced for about 90 countries. Given sufficient support, it is hoped that shortly it may be possible to set up a young collectors' club.

The first thing a beginner of any age must learn is familiarity with the terms used in describing a coin's condition. It is a maxim of the trade that the more common the coin the better the condition must be as it is mainly the state of preservation that determines the price.

Coins are graded as Fleur-de-Coin (FDC) - flawless; Uncirculated (UNC) - new condition but not perfect; Extremely Fine (EF) - little sign of having been in circulation, though showing faint wear on close inspection; Very Fine (VF) - some wear on raised surfaces but only limited circulation; Fine (F) - considerable signs of wear on raised surfaces or weak design through faulty striking; Fair - worn; Poor - very worn and of no value unless extremely rare.

Because coins can be easily damaged the rules on cleaning are precise. Beginners soon learn that careless cleaning can easily diminish the value. Soap and water is recommended for gold and silver when really necessary, but it is well to remember that the patina of a coin will not always weigh against it. This is not a remedy for copper and bronze coins, which should only be lightly brushed.

Housing a collection needs consideration as loose coins are easily marked and also deteriorate according to cli-

mate. Coin envelopes of dry paper, albums with plastic pages and cabinets of seasoned wood will all offer adequate protection.

Tips of this sort prove useful to the beginner joining a local numismatic society. The societies often provide programmes of lectures and exhibitions. Details of where to find them can be obtained from Peter Clayton, president of the British Association for Numismatic Societies, c/o B.A. Seaby Ltd, 8 Cavendish Square, London W1M 0AJ.

Societies give tips on care

Two organizations catering for the serious collector are the Royal Numismatic Society, founded in 1836, and the British Numismatic Society, founded in 1903. Both share one of the best specialist libraries, housed in the Warburg Institute, University of London. The BNS has a junior section up to the age of 21.

Two trade monthlies cater for the dealer and the amateur enthusiast alike - *Coin Monthly* and *Coin and Medal News*. These are invaluable to

the beginner who needs to know details of dealers and their specialties. Additional information can be obtained from the secretary, British Numismatic Trade Association, 3c Earlsdon St, Coventry CV5 6EP, who will provide a register of dealers and addresses on request.

Recommended publications include *Coins Market Values* (published by Link House Publications), *Collecting Coins* by Frank Purvey (Seaby's).

Coin fairs which attract annual interest are Coinex, held in London in October, and Coinex North, which takes place in Manchester in April. Both are organized by the British Numismatic Trade Association.

An additional draw this year for the collector is an exhibition at the British Museum entitled "From cowrie shells to credit cards." This draws from the museum's unrivalled collection to trace the story of money from its earliest recorded beginnings in ancient Mesopotamia. The exhibition runs until October.

Patrick Davis

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A cornucopia of coinage

They pour out in their thousands, making pub fruit machines look positively barren. One machine, and there are 50 of them, can regurgitate coins at the rate of 400 a minute. It is the cornucopia of coinage, the Royal Mint.

Twelve miles from Cardiff at Llantrisant, where workers and visitors are dispossessed of their loose change on security grounds before they enter the plant (to be returned when they leave), the Royal Mint is producing 1,500,000 million coins a year. Starting for domestic consumption, rupees for India and dinars for Iraq are among the products.

With an expected £70 million turnover this year, 60 per cent of Royal Mint production is for overseas purses. The £ in your pocket costs less than 20p to produce, but nobody, for commercial reasons, is prepared to own up to the exact figure. Even questions have been asked in the House of Commons about the true cost, but answers from ministers have always been an approximation.

The manufacture and preparation of the blanks from which the coins are struck begins in the melting, rolling and blanking unit, an aeroplane hangar of a place, full of the noise of machinery and the smell of metal.

Huge electric furnaces devour with intense heat copper ingots, little brickettes, zinc slabs, tin strands and processed scraps. The raw material is made up into "furnace charges" containing the constituent metals in the appropriate portions for the alloy required.

There is also a relative newcomer which has invaded the traditional province of the metal used in the minting of coins during the past 1,000 years or more - aluminium.

It has now established a small niche in the coin market, and aluminium alloy coins minted in the UK are used in various parts of Africa and the Far East. They are areas which prefer the lightness - not to say the lower cost - of the aluminium coins to the heavier weights of other metals.

Aluminium has not, so far, been used for currency in the UK, but millions of tokens

coins for a variety of commercial uses have been stamped out in recent years, using the aluminium alloy from British Alcan Sheet at Rogerstone in South Wales.

Though soft in its pure state, the aluminium is given the required strength and hardness for coinage by the addition of a small percentage of magnesium and other elements.

The "charges" are first melted in primary electric furnaces at temperatures which exceed 1,000 deg C. Then the molten metal is poured into the holding and casting furnaces. These have a maximum capacity of 1,500 kg and provide a sufficient store of metal to enable casting to be continuous between pours from the melting unit.

Each furnace is fitted with two special graphite dies and slabs are continuously cast by withdrawing metal through

First 'meltdown' is at 1,000 deg C

these water-cooled dies. Temperatures vary, depending on the metal: 1,310 deg C for cupro nickel, 1,210 degrees for cupro bronze.

The slabs are reduced to 3mm coils, which then go to the finishing mill where reduction to coin thickness is completed.

The coil is fed into one of the blanking presses where discs (called blanks) of a size matching the coin for which



they are being produced are cut from the strip. These blanks are passed to another area for the next process and the perforated strip - 40 per cent of its original weight after the blanks have been punched out - is recoiled and taken back to the furnace.

Meantime, the blanks are on their way to the next stage - the Annealing and Pickling Unit where they are prepared for striking in the coin presses.

The blanks are annealed (or softened) by passing them on a metal belt through a gas-fired furnace at temperatures of 750 deg C for bronze and 900 degrees for cupro nickel.

Once softened, the blanks are transferred to the automatic picklers where they are loaded into perforated metal drums which rotate them through an acid solution to remove stains.

So far they are worthless blank pieces of metal which may have a utilitarian value but wouldn't pay for a bus fare home or buy a poppadom in Pershaw. It is when they are stamped by the prepared dies that they are transformed into currency. The coins are fed

THE ROYAL MINT 1100 YEARS IN MINTING

into the coining presses by hopper and the stamping of the obverse and reverse designs and, where required, the milling on the edge, are carried out simultaneously on the press.

A press - there are 60 of them - can churn out coins at the rate of 400 a minute. With most of the presses, the blank is automatically placed on top of the lower die and held in position by a restraining collar, which will be plain or milled depending on the type of design required.

Upper die is then squeezed on to the blank with a pressure of up to 200 tonnes, the blank receiving the impression of both dies. At the same time it

is forced outward to take the shape and design of the collar.

A statistical sampling technique is used to ensure a rigorous control of the coins. Where there is reason to believe that a batch may have defective pieces all the coins in that batch are examined on an "overlooking" table.

The specifications for coins are exacting, severe controls on quality being applied throughout the course of production. Samples from the melt are analysed by X-ray fluorescent spectrometry to check the composition of the metal. During the various stages of production, also, systematic checks are made to gauge thickness, weight, diameter, hardness and surface quality.

After the final inspection the coins are counted into bags on a "telling" machine. Labels are attached to show the denomination and quantity of coins in each bag before they are transferred to the strong-hold to await despatch and eventually finish up in people's pockets.

MH

The King Henry penny that put an end to the gloom

To the question: "Is coin collecting a good investment?" the answer these days seems to be: "Not necessarily and, then again, maybe." After the heady days of the late 1970s, when prices for good pieces were at their peak the bubble burst in 1981.

A Charles II five-guinea gold piece, for example, in an attractive condition, would have sold for £12,500 at peak. Today that same piece could be bought for as little as £5,500.

Dealers are not always able to provide a ready answer for that sort of fluctuation but undoubted contributory factors for the good times of the 1970s, apart from cases of genuine interest, were that collectors' pieces in precious metal were seen as a useful hedge against inflation and as a response to avoid exchange control regulations.

Since then unemployment worldwide has had its effect on the market, with more collections being broken up and offered for sale and old established custom lost to the trade.

Then, too, as exchange control was lifted speculators were tempted to dump coins in favour of other investments overseas, notably dollars. To that has been added the gradual slide in the value of gold and silver.

For dealers the bullion market was severely dented when a loophole in VAT was sealed in 1984 by the inclusion of gold sovereigns, hitherto exempt, within the tax provisions.

It was, in fact, the introduction of VAT on collectors' coins that led to the formation of the British Numismatic Trade Association (BNTA) in 1973 to provide a voice for the trade and an advisory body to whom dealers could turn.

Despite the vicissitudes of the trade, there are considerably more dealers in the market place, although not all concentrate on coins and medals. There are 200 dealers ranging from one-man businesses to the big firms with specialist departments such as Spink's, Glendinning's, Sotheby's and Christie's.

Dealers circulate forgery warnings

Of these 100 belong to the BNTA, which has a complaints procedure in which it will arbitrate between a dealer and a customer. Members must abide by the BNTA council's decision.

The danger of forgeries, of course, is always present with valuable pieces and an early warning system is operated by the International Association of Professional Numismatists, which circulates dealers throughout the world with descriptions of counterfeit coins brought to light in the market.

Dealers need to keep themselves informed of all developments and one way they do this is to attend the regular coin fairs held in the UK and overseas where, in many instances, British dealers are often only second in strength

to the dealers of the country concerned. These are also a useful source of supply to supplement the sale rooms and the Royal Mint.

In the latter case there are undercurrents of dissatisfaction among the dealers who see the Mint as usurping their function by smooth marketing techniques which cream off customers. This is seen as running counter to the Government's declared aim of helping small businesses.

There are others in the trade who are prepared to concede that the issue by the Mint of special sets, suitably presented to attract the buyer, can only lead to increased interest among the public to the ultimate benefit of the trader.

The scale of Mint discounts that arouses ill feeling and there are accusations that the prices demanded for gold and silver are too high.

As a case in point, dealers will cite the silver crown issued to commemorate the Queen Mother's 80th birthday. When it was issued, at a price of £28.75, its silver content was worth £12.50, but because of the decline of silver each new crown today has a silver content worth £2.88.

But while the market is going through an indifferent patch not all is gloom. A world record for a British coin was established last year when a Henry III gold penny realized £65,000 at a Spink's sale. Cases such as that give a whole new meaning to inflation.

PD

Minting history began with Alfred the Great

A silver penny, minted 1,100 years ago after Alfred the Great's consolidation of England against the Danes, is generally taken as the start of recorded continuous minting history in Britain, and provides the starting point for the Royal Mint's anniversary exhibition.

The exhibition opens tomorrow at Goldsmith's Hall, Foster Lane, in the City of London, and remains there until July 24. It then moves to the National Museum of Wales at Cathays Park, Cardiff, from August 13 until October 10.

Entitled 1100 Years of Minting History, the display traces the history of minting from Roman times to the present day, and offers the visitor a wide range of relevant exhibits including rare coins, medals, seals, tools and many other

associated artefacts. The money on show ranges from bronze Roman coins to the £2 coin issued to mark next month's Commonwealth Games in Edinburgh.

Visitors will learn, among many other numismatical asides, that there is nothing new about a £1 coin; indeed the first were struck on the orders of Charles I. Most will know that the Royal Mint's best-known Master was Sir Isaac Newton, but they may not know that at the time of Waterloo, the Mint actually struck French money for use by troops.

The exhibition also recalls that in the Anglo-Saxon period, coin manufacturers or "moneymen" who attempted to cheat on the quality of their product were apt to have their hands cut off; that the famous engineering team of James Watt and

Matthew Boulton designed the Mint's first steam-driven machinery; and that the Britannia who used to appear on the old penny is said to bear a strong resemblance to a former monarch's mistress.

Dr Jeremy Gerhard, Deputy Master of the Royal Mint, said: "There remains in the modern Royal Mint a vital role for the traditions and inherited skills that have been built up over the centuries. This year, therefore, provides an ideal opportunity to reflect on the long history of the Royal Mint; the exhibition will serve to illustrate over 1,000 years of history and will help convey a sense of the pride felt by myself and my colleagues."

AH

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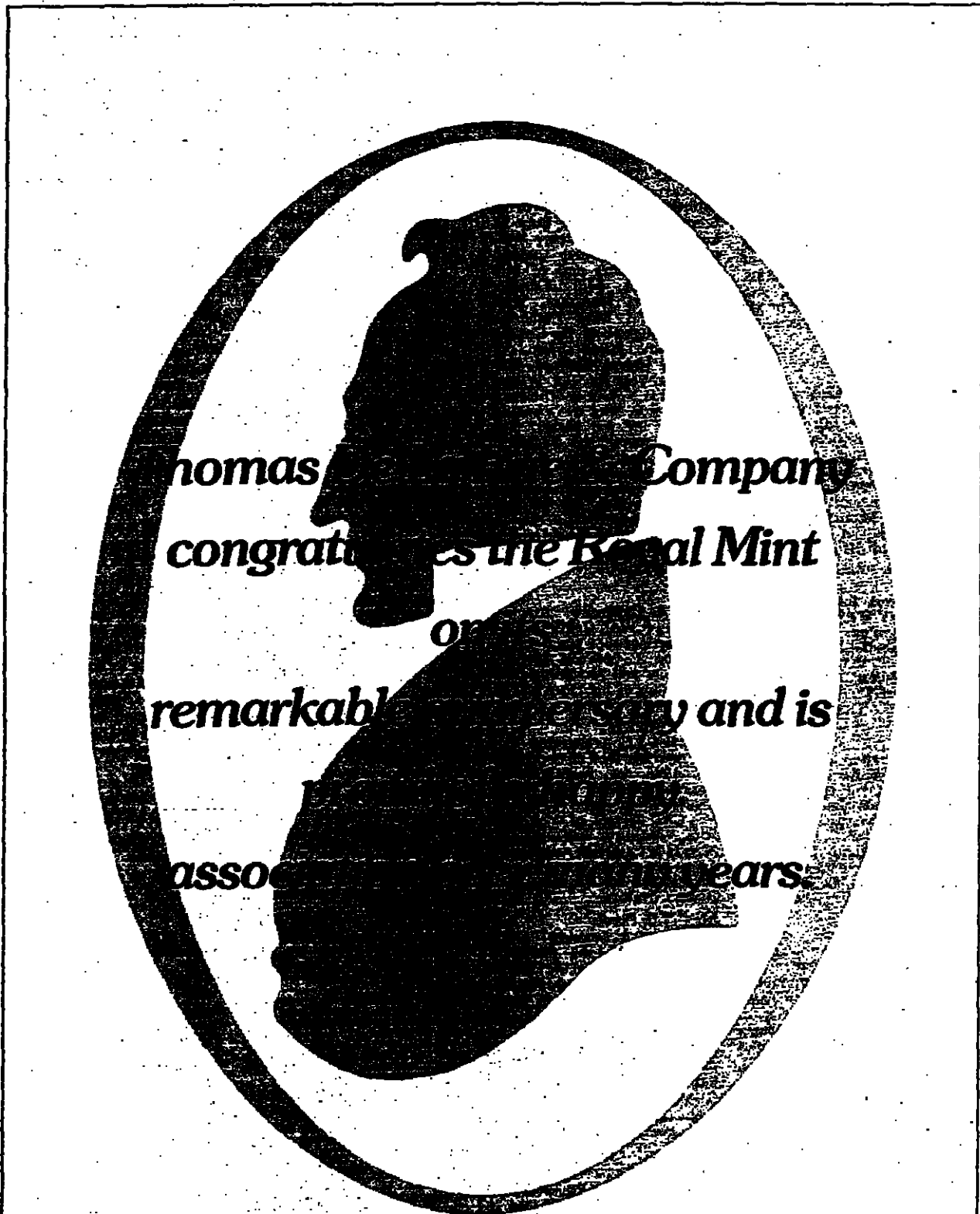
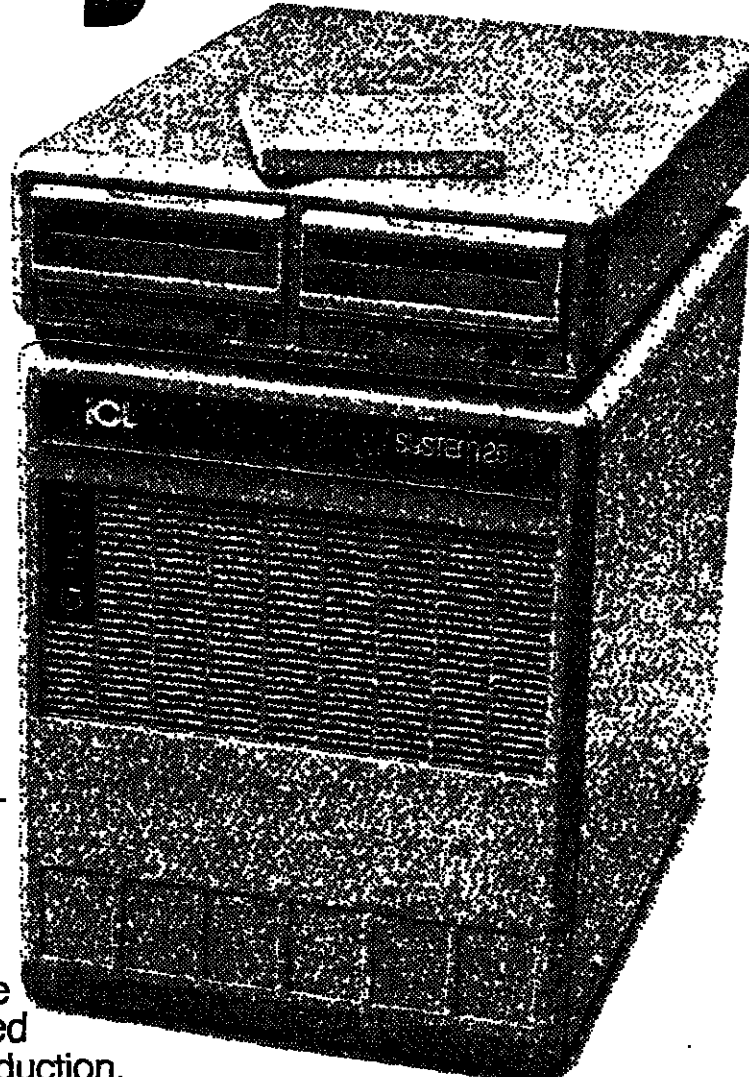
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BUCKINGHAM PALACE June 21: The Duke of Edinburgh, President and Life Member, this evening attended the Windsor Park Equestrian Club Ball at Clendon Park, Merton, Surrey.

The Prince Edward, Chairman of the Duke of Edinburgh's Award 30th Anniversary Tribute Project, this afternoon started the 30th Anniversary Walk from Buckingham Palace and afterwards started the "Walkabout at Little Venice."

Birthdays today

M Jean Anouilh, 76; Sir Richard Brooke, 76; Lord Bruntisfield, 87; the Rev Professor H. Chadwick, 66; Sir Cecil Davies, 66; Mr Bob Fosse, 59; the Most Rev Dr John Habgood, 59; Mr Julian Hipwood, 40; Admiral Sir Frank Hopkins, 76; Sir Leonard Hutcheon, 65; Miss Miriam Karlin, 61; Miss Margaret Lane, 79; Admiral Sir Horace Law, 75; Mrs Patricia McLaughlin, 70; Dr J. E. Meade, 79; Lord Newall, 56; Professor Martin Rees, 44; Professor Isaac Schapera, 81; Mr Anthony Thwaites, 56; Mr Ted Tintling, 76; Admiral Sir Francis Turner, 74; Miss Irene Worth, 70.

Bristol University

The 1986 annual meeting of Convocation, Bristol University, at which the election of representatives, convocation of Court will take place, will be held on Saturday, July 19, 1986, at 11.00 am, in the Winston Theatre, University Union, Queens Road, Bristol, BS8 1LN.

Order of St John

The Lord Mayor was present at the general assembly of the Order of St John held on Saturday at the Mansion House, Earl Court, London. Lord Young of Gramfham spoke and those present included members of the society, members of HM Government and Conservative Party.

Reception

The Anglo-Asian Conservative Society celebrated its tenth anniversary at a reception held at St James's Court, SW1, on Tuesday, June 17, 1986. Mr John Biffin, MP, and Lord Young of Gramfham spoke and those present included members of the society, members of HM Government and Conservative Party.

Dinner

The annual dinner of the Old Cranwellian Association. The annual dinner of the Old Cranwellian Association, president of the association, Air Chief Marshal Sir David Craig, Air Chief Marshal Sir Thomas Kennedy, Air Chief Marshal Sir Wallace Kyle, Air Marshal Sir Roy Asten-Smith and Air Marshal Sir John Fitzpatrick, Air Vice-Marshal E. H. Macey presided.

Memorial services

A memorial service for Professor William Walsh was held in the Chapel of Merton College, Oxford, on Saturday, The Rev Canon William Whitwell, officiating, officiated. Dr J.M. Roberts, Warden of Merton College, and Professor Ronald Heppner read the lessons. Mr John Lucas gave an address.

Sir Arthur Peterson

A service of thanksgiving for the life and work of Sir Arthur Peterson will be held at noon on Thursday, July 10, at St Margaret's Westminster. All are welcome. Please telephone 01-213 6060 for inquiries.

Lincoln's Inn

Hardwicke entrance scholarships, Easter term 1986. S. J. Bryan, M.A. College, Cambridge; Miss F.C. Cooper, B.L.S., Downing College, Cambridge; C. J. Moran, Magdalene College, Cambridge.

Births, Marriages, Deaths and In Memoriam

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Clifford Longley The agony of civil disobedience

The annual Nonconformist stock-taking called the Methodist Conference, now in session in Stoke-on-Trent, may be relied upon most years to produce at least one invaluable contribution to theology and related fields, the sort of document that not just Methodists may be quoting 10 years ahead.

Commonly, however, that tradition is brought in as if it was an ancient and respectable theological defence of war-making (and, by analogy, revolution-making), telling Christians that they may do it with clear consciences. The "just war" tradition is sometimes introduced into the nuclear debate as telling Christians that they may not do it, on the grounds that the classical criteria could not possibly be observed in a nuclear war.

But there is a quieter scholarly voice less often heard, which warns on the basis of the actual history of this tradition that it is being misrepresented. The Methodist report is not altogether immune from this criticism.

The concept of a just war, which has Old Testament origins, is not, according to this view, a justification of war in principle. It is a set of rules to limit the effects of war, and to reign in the raging passions of war-mongering princes and nations.

In any event, civil disobedience against nuclear weapons is not ruled out: the working party merely reported that it was divided. Nor is it any longer quite the hot issue it was when the report was first commissioned.

For a voice from the dissenting tradition, the report is surprisingly strong in emphasizing the high moral demand of obeying lawful secular authority. Methodists are apparently less likely than most to park on yellow lines, it is well known. So there is a glimpse of Nonconformist respectability in the tone of the report.

It recognises "Thou shalt not kill" as a counsel of perfection, mankind being sinful, and puts in place limitations designed to move warring parties towards that perfection even if they cannot be expected to reach it.

There is a tendency among churchmen, for instance, in the context of South Africa, to talk so abstractly or even glamorously about revolution as a possible Christian option, that they forget that revolutions are not conducted according to Quakerly Rules.

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OBITUARY MR GERALD COBB Scholar of England's church heritage

Mr Gerald Cobb, LVO, FSA, collector, author, scholar, antiquary and artist, died on June 9 aged 86. Cobb joined the College of Arms as a herald painter in 1919 and worked there for over 60 years. In 1931 he was elected a brother of the Art Workers Guild and was Master in 1952.

His knowledge and love of architecture were widely known and respected, and he was frequently consulted. He served on the London Diocesan Advisory Committee for many years, and his voice was often to be heard at the Society of Antiquaries, the Ecclesiastical Society and the Ancient Monuments Society.

During the last war he served on the St Paul's Watch and was deeply saddened by the destruction of the old City and so many of his beloved church buildings.

He was a most loyal and devoted servant and counsellor of the Prince of Wales, with whom he worked in close harmony in the field of integrated rural development, conservation and land management.

He was also a Curator of the Playhouse, continuing a life long interest in the theatre which embraced open air theatre at Stratford-upon-Avon and brought him friendship with many members of the Royal Shakespeare Company.

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Church news

Whitworth and Chaplain to UMIST and Ph.D. in Education, with Dip. in Vicar, St Clement, Urswick. The Rev A. Turner, Church, Sandwell, West Midlands, vicar, to be Priest-in-Charge, Sibley. The Rev N. G. Evans, Vicar, St James, London, to be Vicar, St Andrew, London. The Rev R. J. Evans, Vicar, St Mary, London, to be Vicar, St Andrew, London.

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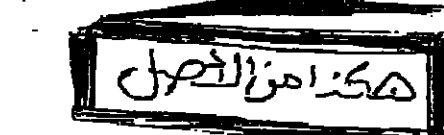
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THE ARTS

Television
Familiar favours

The BBC began two new series last night which I doubt could have been transmitted at any other time of the year. In both, well-known presenters trotted along to the homes of well-known public figures and skinned over their lives like water-frites. This time-honoured format was summed up by the sight of Richard Baker trying to look impressed by a loaf of bread.

It had been cooked by everybody's favourite comedian, Ronnie Corbett. He was the subject of BBC2's *Favourite Things*. "It does seem to me as though food is a favourite thing," said Baker earnestly after examining his limited repertoire of astonishment. The trouble with such a programme is that everything becomes a candidate, from the Maginot to the delectable Mrs Corbett to the golf-club. Meanwhile, Cliff Michelson sat on a window-sill with the Archbishop of Canterbury. In the bland course of *Home on Sunday* (BBC1) we learned that Dr Runcie was an expert on racing farms and had first seen the light when attending confirmation class with a girl he was keen on. "I've trusted you, Lord", was his reaction to being appointed Archbishop, "but this does seem to me a great error." While he came over as plausibly human, the programme itself - interspersed with his favourite hymns - was dull and enlivened only by the cameraman's unflinching eye for the preniest chortles.

Adapted by Derek Mahon, *The Boston Lover* (Granada) was a lavish over-production of Elizabeth Bowen's story about love among the ruins. In 1916 a girl pledges to wait 25 years for a soldier who is then reported missing. The years pile up, children are born and she forgets - until one day in the Blitz she visits her Kensington home and finds a spidery letter.

Dorothy Tutin was suitably merry in the lead role and there was a splendidly camp performance by Adrienne Corri. Unfortunately the director, Peter Hammond, gave too much prominence to both the sets and the music. This suffocated some fine acting and snuffed out any real sense of horror.

Nicholas Shakespeare

Paul Griffiths reports on a climactic moment at Orkney's St Magnus Festival
Precariously cogent and moving

RPO/Previn
Cathedral, Kirkwall/
BBC2/Radio 3

Whatever may become of the St Magnus Festival - as every year, so it seems, there has to be the same controversy about the acceptability of Maxwell Davies's musical presence and presents - whatever may happen, Saturday night's concert will surely be remembered as a climax in the composer's assertion of himself as an Orkneyman. For here, brought about principally by the existence of his Violin Concerto to Orkney by a professional symphony orchestra, with international star conductor and soloist, and here was the first pink sandstone cathedral of St Magnus blessed by light and viewing cables to a school of

wasting grey vans - so that television could, as it is, make us know the event was real.

Yet the premiere itself was no gloriating celebration. The new concerto is restrained in its scoring, for a Beethoven orchestra, and sombre, even bleak, in its general tone. Like any substantial work in a major composer's output, it changes our view of what he has done before; it seems to complete, or perhaps (which would be, in a sense, more alarming) only to carry further, a process of synthesis, muting and closing coherence that can be traced from the Second Symphony at the beginning of the decade through the chamber symphonies and most recently the Third Symphony. The parallels that have been drawn with Sibelius have even truer, and they are parallel not with the urgent

lyricism of Sibelius's own Violin Concerto so much as with the brooding stillness and precariousness of his Fourth Symphony.

The precariousness is particularly near the surface. As Davies has gone on, during the last decade, writing big pieces in the standard forms, so it has seemed increasingly that he is writing not "great works" but rather explanations of why great symphonic works cannot be conceived: mirrors of absent masterpieces. This is no fault in him, of course, but rather a truth of the time. His contribution is to have the mastery of a tangential, cross-eyed tonality that makes his explanations cogent and indeed moving.

This Violin Concerto he describes as being in F sharp, which is already a cause of some precariousness for the

solist. The first movement is a big structure in Davies's own kind of sonata style, occupying fully half of the total half-hour duration. It is marked "allegro moderato", though in this performance it seemed more an andante, and it is plainly concerned with the opening violin melody, which introduces a quality of Scottish lament that is central to the concerto. Also central is the prominence of the timpani, which are only introduced, in one of the work's coups de théâtre, as the music moves from exposition into development.

Hitherto surviving against the odds to maintain some kind of immediacy, the soloist is now confronted by his dark double, and the development paces itself up to a clenching accompanied violin-timpani duet, then to a solo cadenza. An attempt at reprise leads in fact

into the slow movement, where the lament becomes surprisingly naive and regular, highly divided strings providing a complex drone to the soloist's chanter. Again the timpanist is silent at first, and again his entry is dramatic, his function ominous as he mocks the soloist with the rudimentary simplicity of a falling octave. The finale, as one may more than half expect, is a repetition of the same scheme, but not wearisome, since it is music of orchestral and solo brilliance, jugging at Scottish dance patterns while retaining the work's grim seriousness.

It will be perhaps a little less grim when played by violinists more inclined than Isaac Stern to point up its nimble, quirky rhythms and its dynamic profile, but the RPO under André Previn gave a commendably wide unveiling of the orchestral score.



Maxwell Davies: parallels with Sibelius growing ever truer

Irving Wardle at the Stratford Festival, Ontario
Drama won from pageant

Two years ago, on my last trip to Stratford, Ontario, I thought there was something in the wind when the Festival Theatre spokesman referred to one recent recruit to the company as "the distinguished Canadian actor, John Neville". Neville, the hero of the Nottingham Playhouse and London's first *Alfie*, a Canadian! After their abortive attempt to appoint John Dexter, it seemed that the Stratford governors were taking care to establish the national credentials of their next candidate well in advance. Sure enough, there was no repetition of the Dexter rumpus when the outgoing Canadian artistic director, John Hirsch, surrendered the job to another ex-Brit.

Since Neville's arrival, though, a new broom of unmistakably British make has been sweeping through the Stratford offices. It would be an exaggeration to refer to a wholesale purge; but, even without the huge inherited deficit, Neville is a declared foe of North American bureaucracy, and has embarked on his regime with a shedding of assistantships and high-sounding executive titles.

To the public, his most visible action has been to disband the popular opera company which formerly held sway at the Avon Theatre under Brian Macdonald (whose *Wilde* appeared at the Old Vic two years ago). Instead, in line with the National Theatre and the RSC, he has assembled a single company supposedly capable of playing anything that comes their way.

Opening with *The Boys from Syracuse* (the first Shakespeare musical, based on Shakespeare's first play), and spanning the full canon up to *Henry VIII*, the season offers a model of integrated programme planning. *Hamlet* and *Rosencrantz and Guildenstern are Dead* appear, back to back, at the Avon, along with *Henry VIII* and *A Man for All Seasons*, *Macbeth* and *Antony and Cleopatra*. Mr Pownall, by contrast, has no secrets, even his claims to marital conscience are transparent subterfuge. With a voice that ranges from a thunderclap to a near-whine, and a manner veering between open-hearted friendship and murderous suspicion, he presents Henry as an autocrat for ever looking for somebody he can lean on. It is a portrait of the tyrant as a small boy, and I have never seen it equalled.

again? We can see that in Ohio."

Of the five Stratford shows I saw, by far the best was Brian Rimmol's production of *Henry VIII* which (like the Niagara version of *Cavalcade*) reclaimed the piece from pageantry for drama. It does contain passages of magnificent spectacle - particularly the dance of golden shepherds at Wolsey's masquerade - but all its splendour is set against the wall of a black iron cage. The feeling throughout is that the events are too close for it to be safe to speak the truth; so poisonous hints are dropped without being pursued to outright judgement against the great persons involved. The pervading atmosphere combines ambition and fear; and for every character who speaks his mind, like James Bullock's roaring Buckingham, you are aware of others keeping dangerous thoughts to themselves.

This requires, and gets, subtle performance. In the garden scene where Anne Bullen receives word of the King's favour, Lucy Peacock's Anne begins as an unaffected girl gossiping away with another lady-in-waiting, but by the end - and by the most delicate means - she has wholly distanced herself from her unfavoured companion, and leaves the stage fully transformed into the Marchioness of Pembroke.

Peripheral scenes like that take their quality from the central power mechanism which achieves maximum impact in the performances of William Hutt and Leon Pownall. It is a close partnership between two totally different playing styles. Hutt presents Wolsey as he is seen by the Court: an impenetrably masked figure, preserving all his secrets behind a gentle half-smile, hands clasped before him and moving with unemphatic dignity. He presents a spellbinding enigma, which persists in spite of his occasional give-aways ("We live not to be gripped by meaner persons"). Mr Pownall, by contrast, has no secrets, even his claims to marital conscience are transparent subterfuge. With a voice that ranges from a thunderclap to a near-whine, and a manner veering between open-hearted friendship and murderous suspicion, he presents Henry as an autocrat for ever looking for somebody he can lean on. It is a portrait of the tyrant as a small boy, and I have never seen it equalled.

The Boys from Syracuse

Rock
Prince's Trust
Birthday Party
Wembley Arena

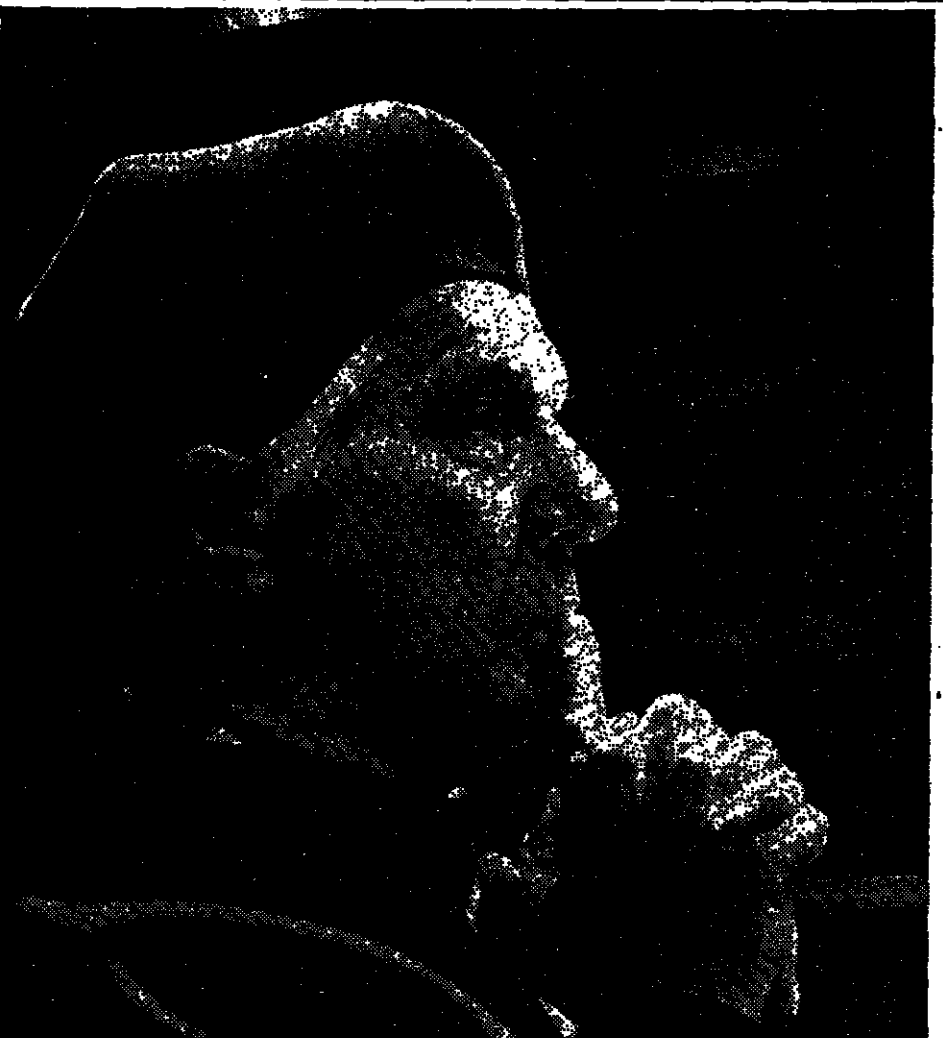
It was Sting who remarked that, since Live Aid, the top rock musicians have got to know and trust each other in a broader way than ever before. When Prince Charles and his wife throw a birthday party, none of the gang now want to miss out.

As is usual when rock dons its "variety show" hat, the moments of musical splendour rarely coincided with the moments of emotional spectacle. The stands were vibrating with the physical excitement of the audience when Mick Jagger and David Bowie turned up, but their performance of "Dancing in the Street" was loose to say the least. George Michael unexpectedly appeared and, duetting with Paul Young, sang "Every Time You Go Away" which was fine, except that Young had already performed the song himself about 20 minutes before.

But, before the whole oversized ensemble reached its good-natured finale, there was a lot of effort and evidence of serious musical preparation. Big Country and Level 42 did much of the donkey-work in the first half, livening up the initially subdued crowd. The "supergroup" which took the stage for the second half, and which included Eric Clapton, Mark Knopfler, Phil Collins, Elton John and Howard Jones, had been properly rehearsed under the musical direction of Midge Ure, and gave consistently good support to solo numbers by Tina Turner, Clapton, Jones and others.

But the two high points for me were firstly seeing Joan Armatrading playing a rather nervous but moving guitar solo during the exquisitely soulful "Reach Out" while, two paces behind her, Clapton, Ure and Knopfler confined themselves to a sympathetic rhythm accompaniment; and secondly when Sting in tow, through "Money for Nothing" at which point the music, smiles and sense of occasion coalesced in one joyous whole.

David Sinclair



The spellbinding enigma of William Hutt's Wolsey in *Henry VIII*

Almeida Festival
Bridging the culture-gap

Iwamoto/Tanaka
Almeida Theatre

Too much is made of supposedly unbridgeable culture-gaps. Of course, untutored Western ears will hear traditional Japanese music differently from those whose heritage it is. Our reception of it will inevitably be shallower, coloured by irrelevant associations and perhaps based on faulty assumptions. But if the listener is open-minded enough, and the instrumentalists are adept at projecting their own enthusiasm, the basics if not the subtleties of a culture can be quickly transmitted. That was certainly the case in the final concert of the Almeida Festival's "Japan" week, with two outstanding performers present: the shakuhachi player Yoshiharu Iwamoto (a comparatively fit-

miliar figure in Britain) and a marvellous uwa virtuoso, Kakuo Tanaka.

Tanaka, a traditionally garbed figure kneeling straight-backed on a red mat, maintained a monkish demeanour and absolute physical stillness throughout. Emotion was expressed only through his face - struck, often violently, in a variety of ways with an enormous triangular wooden plectrum - and his voice, which rose freely from a grainy baritone to an impassioned falsetto at climactic moments.

His main offering was *Asuimori*, the lament of a 12th-century warrior who realizes that the enemy at his mercy is a youth resembling his own son. He beholds the boy anyway. The tragedy is expressed as much by decorative vocal inflection as by the actual modal melodies.

Iwamoto, on his end-blown bamboo flute, made fine use of vibrato, pitch-bending and some fervent screeching. His selection included the delightful *Tsuru No Sugomori*, "A Crane on the Nest", which celebrated that elegant bird which was shifted from the middle of the programme to the end in the hope that the newcomer could be ready in time.

Both players were needed for the only modern piece: Toru Takemitsu's 1966 work *Eclipse*, receiving its British premiere. It was a disappointment. Takemitsu did reveal more sophisticated instrumental possibilities. But an interesting idea in theory - that the players determined the relationship between them through spontaneous reactions to reading some Tagore quotations in the score - in practice fell very flat.

Richard Morrison

Dance
Ballet Rambert
Sadler's Wells

An injury to one of the dancers two hours before curtain-rise resulted in a cliff-hanger of an evening for the Ballet Rambert on Friday, with Christopher Bruce hurriedly teaching a replacement his new ballet *Ceremonies*, which was shifted from the middle of the programme to the end in the hope that the newcomer could be ready in time.

The ballet (sponsored by American Express) proved worth waiting for. It takes its origins from a score, *The Seventh Enochian Key*, by Edward Shipley. Written for an ensemble of 10 players, it takes the formality of Elizabethan music and distorts it into strange, diabolic twists. This treatment and the title, a programme note tells us, derive from the theories of Queen Elizabeth I's astrologer, and the seventh of his Enochian keys invokes earth-bound pleasure.

Bruce's choreography shows four courtly couples dancing in a wood. Under the music's influence their movements grow first twisted, then hugely perverse. Siobhan Stanley couples eagerly, urgently with Ben Craft. Diane Walker turns Robert Poole into a pet animal. Frances Carly's shame quickly turns to abandon as she gives herself simultaneously to two lovers. Only the youngest of the women, Sara Matthews, remains innocent, an achievement rewarded by being bitten to death by the others, before they resume their ceremonial behaviour.

This new light on Gloriana's subjects not only looks forward to *The Rite of Spring* but back to classic antiquity too, with fauns and maenads in the dances. So the subject, bizarre as it may seem, must answer to something timeless in human nature.

Bruce's treatment grips the attention throughout, his dances conveying their intentions with swift, subtle allusions. The cast, including Bruce Michelson as the brave substitute, is uniformly good, and the admirable, versatile Mercury Ensemble makes a convincing case for Shipley's strange score. Pamela Marre's designs neatly abet the theme, with fasciously suggestive costumes and even the pillars of a classical temple in the background, twisting out of true as the action proceeds.

John Percival

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Letter from Moscow
Populist painter
shows his truth

FINANCE AND INDUSTRY

US NOTEBOOK

Fed rifts and GNP fall signal recession

From Maxwell Newton
New York

Further evidence of economic weakness in the US is accumulating at the same time as the Federal Reserve is emerging as a divided, uncertain body.

In an extremely unusual move, the White House called for a reduction of interest rates last Thursday. Revised figures for the first-quarter real GNP showed a reduction in the annual growth rate from 3.7 per cent at the first quarter to 2.9 per cent at the second.

Hence, the second quarter is likely to come in at 1 per cent per annum growth or less, as indicated forecasts for business fixed investment are struck down, along with big ideas about housing investment growth, itself undermined by a fall in May starts to the lowest level since September 1985.

Inside the Fed a battle is clearly being waged between Mr Paul Volcker's allies and the "gang of four" appointed by President Reagan.

Mr Volcker is mesmerized by inflation and the terror of a run on the dollar, forcing him to take abrupt defensive measures which, by raising interest rates, will precipitate recession and even a financial collapse in the US.

Until now, the gang of four has been giving very broad hints of another cut in the discount rate, but on Thursday, Mr Wayne Angell, lately an outspoken critic of Mr Volcker, was obliged in a Washington Post interview to climb down, saying that this did not really mean a discount rate cut right now.

As 1985 was a year of low economic growth - 2.5 per cent - today's capacity utilization rate points directly to a further collapse of business investment, after the annual rate drop of 3.3 per cent in the first quarter.

The Administration is coming on a weaker dollar and accelerated growth in Germany and Japan to pull the country out of its slump.

But the Germans have made it clear that they have no intention of taking steps to accelerate growth, while reports from Tokyo state that the first-quarter GNP in Japan will show a drop of 3.2 per cent at an annual rate.

Thus, the Administration's strategy may not work quickly enough to avoid a recession in 1986-87. Such a recession would unleash powerful negative forces in the financial markets.

Earlier optimistic consensus forecasts of a surge of growth in the second half of 1986 are being abandoned at speed.

Personal income in the first five months of the year rose at one-half of the rate of the 1985 average (compared with 1984) and this fact, combined with a 50 per cent fall in the rate of growth of consumer debt in April-May (compared with the 1984-85 average) is indicative of the central problem - growth in the last six years has been fed by a huge debt build-up which is now becoming too heavy for the borrowers to carry.

Zambia 'backs Lonrho action'
Lonrho's \$15 million legal action in Denver, Colorado, is being undertaken with the full backing of the Zambian Government, the company said yesterday.

The action, against Mrs Dan Mays and her crystal company, is over a claim arising from an investment in Zambia. Mr Roland "Tiny" Rowland is to give evidence this week supporting Lonrho's claim.

BOARD MEETINGS
TODAY - Interims: Burns Anderson, Greenwich Cable Communications, Northern Industrial Improvement Trust, Fincle Avana Group, Brown & Tawse, James Cropper, First Security Group, FCB Group, Ilingworth Morris, London Investment Trust, Plantation Trust (expected June 24), Rascal Electronics, Volx Group, Whitecroft.

TOMORROW - Interims: KLP Group, LPA Industries, Nash Industries, Fincle Argyll Group, Ariel Industries, Brookmount, Channel Tunnel Investments, Fairbairn, Habit Precision Engineering, Haina, Hambros, Health Care Services, Imperial Continental Gas Association, Mansfield Brewery, Rohmans International, Wintuz.

WEDNESDAY - Interims: AC Barr, Charles Baynes, Eldridge, Pope, Hardy & Hansons, Moroccan Holdings.

Powerful new partner set to join C&W in cable venture

By Teresa Poole

Cable and Wireless announced yesterday that a powerful US telecommunications company is poised to become its new partner in a transatlantic optical-fibre venture.

Nynex Corporation, the regional Bell telephone operator for New York and the north-eastern states - formed when AT&T was broken up in 1984 - is set to buy out C&W's existing partner.

At the moment, the installation and operation of two submarine cables between New York and London is a joint undertaking between Cable and Wireless and Tel-Optik, a US company formed specifically to participate in the project.

Under the proposed terms, Nynex will this week pay \$10 million (£6.7 million) for an option on Tel-Optik, which has a half share. The deal will go through, with no further payment, when approval has



Sir Eric Sharp: building up a global fibre-optic network has been given by the regulatory authorities.

It was always expected that Tel-Optik would have to look for help in financing its half of the venture. The first cable is scheduled to be in service by mid-1989 at a cost of up to \$400 million. The second will follow three years later.

Mr Joe Crouch, C&W's marketing director who negotiated the Nynex deal, said: "We were very keen to see the finance coming from a telecommunications organization".

The deal is conditional on a waiver of the regulations governing the seven regional US telecommunications companies. These prohibit the regional Bell telephone companies from the ownership and operation of telecommunications networks outside their own regions.

The involvement of Nynex will bring considerable marketing strengths to the cable venture and is likely to cause concern to British Telecom, which faces severe price and volume competition on the lucrative transatlantic route.

The London-New York cable is just one of the measures being taken by C&W under the chairmanship of Sir Eric Sharp to build up a fibre-optic network linking all the world's leading business centres.

communications. C&W's subsidiary which is licensed to connect with British Telecom, will be responsible for the British end of the link.

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Provisions in the Financial Services Bill which effectively prevent Business Expansion Scheme Funds from advertising are threatening to start a dispute between the Treasury and the Department of Trade and Industry.

The provisions run counter to amendments to the Business Expansion Scheme announced by the Chancellor of the Exchequer, Mr Nigel Lawson, in his Budget speech.

A delegation of BES fund managers has already made representations to DTI officials asking for an amendment to the Bill to be introduced in the House of Lords reversing the ban on advertising.

The Business Expansion Scheme was introduced by the Government in 1983, to stimulate investment in unquoted companies through giving individuals tax relief on investments of up to £40,000 in certain qualifying companies.

A spokesman for the DTI said on Friday that the department was considering the position of BES funds. He added that any amendment to the Bill would take the form of creating a third category for BES funds, after authorized unit trusts and recognized collective investment schemes, both of which under the terms of the Bill can advertise.

The DTI is, however, "still very concerned about the investor protection implications" of such an amendment.

The issue is likely to attract the attention of the Treasury, particularly as Mr Lawson highlighted the BES in his Budget speech describing the scheme, which the Treasury pioneered, as "an outstanding success".

Industry price prospects brightest for 19 years

By David Smith
Economics Correspondent

Fewer manufacturing companies expect to raise prices than at any time for 19 years, according to the Confederation of British Industry's June Monthly Trends Enquiry, published today.

This represents a considerable boost for the Government's inflation hopes. Companies' reluctance to raise prices can be explained largely, however, by the depressed state of order books.

Mr David Wigglesworth, chairman of the CBI's economic situation committee, said British manufacturers were facing intense competition in both home and export markets and had suffered a decline in export orders over the past month.

"The survey indicates that demand has not improved significantly from the rather flat and patchy situation we experienced in the first quarter of the year," he said. "The proportion of firms regarding their stocks of finished goods as more than adequate is the highest since November 1982."



David Wigglesworth: Order books depressed

The Chancellor of the Exchequer, Mr Nigel Lawson, conceded on Friday that growth in the economy will be slower this year than the 3 per cent forecast in the March Budget but that inflation should be below the prediction of 3.5 per cent for the fourth quarter of the year.

The Treasury now expects growth of around 2.5 per cent, in spite of relatively strong first-quarter gross domestic product figures, and inflation of 3.5 per cent at the end of the year.

Clash fear over BES funds curb

By Lawrence Lever

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Lloyds to lift Standard bid

By Our City Staff

Lloyds Bank is set to raise its £1.168 million bid for Standard Chartered this week. But the new bid will leave the Lloyds offer well below a level which the Standard Chartered board regards as adequate.

Standard Chartered's second defence document in the bid battle, sent out to shareholders over the weekend, described the existing offer of 750p a share by Lloyds as misconceived and "a gross undervaluation".

Lloyds could sell off Union Bancorp, Standard Chartered's Californian subsidiary, Stanbic of South Africa, the Bishopsgate head offices, the Standard Chartered merchant bank, Chartered Trust and the Mocatta companies, and raise all but £35 million of the £1.168 million bid, the document said.

This would mean that Lloyds was obtaining for £35 million the rest of Standard Chartered's assets, which have a book value of £328 million. On this basis, according to the defence document, a more realistic bid would be £1,461 million, or 939p a share.

There are serious questions about the financial success of Woolworth's Operation Focus scheme, and thus about the profit forecast this year, Dixons said yesterday.

Decision time nears, page 27

Privatized shipyard to seek share listing

By Our City Staff

Vickers Shipbuilding and Engineering Limited, the newly privatized shipyard which builds the Trident submarines, is to seek a stock market listing in the second half of July.

The listing, by way of an introduction, follows the successful employee-led buyout this year in which £2 per cent of the 14,000 workforce purchased shares. No new money will be raised.

Dr Rodney Leach, chief executive and managing director of VSEL, said the introduction had been brought forward from September in order to create a proper market in the shares.

Since the buyout, a private

500p price on Morgan

By Our City Staff

Analysts are predicting a striking price of up to 500p for shares in Morgan Grenfell, the merchant banking firm which is coming to the stock market by way of a tender offer. The prospectus is published on pages 29 to 35 of The Times today.

This compares with a minimum tender price of 425p which capitalizes the company at £640 million.

The offer is raising a minimum of £131 million for the company, much of which will be spent on the group's securities business in preparation for big bang.

Application lists open on Thursday. Analysis, page 26

Bremner chief prepares for boardroom battle

By Cliff Feltham

He claimed that he forced them to resign after examining the company's finances, and its abortive moves into ventures such as hot air balloons, banking, picture framing, pickles and crisps.

Mr Rowland-Jones carried out his boardroom coup, having waited for all the agreed rationalization plans and work of the last year to have been completed. The store employs only 14 people and the company is asset rich, its losses completely behind it.

Mr Rowland-Jones, chairman of Bremner, the Glasgow store business, will this week urge shareholders to resist a move to have him unseated at the company's annual meeting next month.

He will fire another verbal broadside at his predecessor, Mr Michael Black and dispute claims that some of the major shareholders are unhappy with the way he has been running the company.

The controversy began when Mr Rowland-Jones wrote to shareholders claiming that a loss of £1 million by Bremner was due to the activities of Mr Black and a boardroom colleague, Mr Lionel Casper.

Executive Editor Kenneth Fleet

Storm forecast for sterling M3 target

The transformation of the annual monetary target from Big Brother to Aunt Sally is enough to make a cat laugh. The Chancellor's worst enemy could hardly have dared to hope that the resurrection of a sterling M3 target would be greeted by an acceleration in its growth, over the past three months, to an annual rate of 39 per cent. Yet even those happy to believe this debacle has finally condemned monetarism to death by ridicule must admit to a sneaking worry. Is not the surge in monetary growth rather disturbing?

To judge by the kind of forecasts pumping out of officialdom and the best private institutes, the answer is a resounding no. Their projections show no corresponding surge in inflation. The London Business School, whose summer forecast is published today, presents a particularly pretty picture: growth and inflation both level pegging next year at just over 3 per cent each, with the rate of inflation actually falling behind the rate of growth in 1988.

The Chancellor, who has now formally warned us that the economy is not growing as fast as he forecast at Budget time, certainly does not seem to think it is overheating. The LBS, which now thinks we shall see only 2 per cent growth this year, is equally subdued. Yet monetarist true believers, as well as the bulk of politicians and economists in Britain who have all subscribed to the suitably Anglican faith of "practical monetarism" - a general understanding that "money matters" - must feel uneasy. How can the broad money supply grow roughly ten times as fast as real output without storing up inflationary trouble for the future?

Of course, that 39 per cent three-month calculation puts the worst possible interpretation on the sterling M3 figures. Today's Monetary Bulletin from Greenwell Montagu, the stockbroker which has established an expertise in sophisticated adjustments, puts the trend increase at about 17 per cent. Nevertheless, this figure - along with those for other broad monetary definitions - is above the Chancellor's 11 to 15 per cent target, itself set deliberately loose on Budget day.

Broad money targets (which the Bank of England began to set internally back in the early 1970s) were based on the view that the rate at which the amount of money in the economy grew bore a relationship to the growth of nominal national income, or "money gdp". If the demand for money were stable, then the supply of it would have predictable effects. The chain of counter-inflationary policy still had to cope with the question of how money supply could be controlled, at one end; and how the growth of money gdp would split between inflation and output, at the other. But this link between money and money gdp was critical; and economic history has neatly demonstrated that the first had been growing more slowly than the second during postwar history.

That is all quite consoling for the present - providing the Chancellor is lucky, and the immediate surge in sterling M3 subsides a little. But it is difficult to think a policy which said that broad money should be let rip now and then sharply cut back would be credible as a stabilizing influence on the economy, or that the state of knowledge would really enable us to say with confidence when that sharp change should take place.

The LBS analysis further confirms the view that broad money growth needs to be forecast and monitored, like a weather forecast; but that trying to enforce broad money targets in today's fluctuating financial circumstances is about as sensible as targeting the outdoor temperature for London in June.

Sarah Hogg
Economics Editor

Opec to renew attack on UK

By David Young, Energy Correspondent

Energy says oil production limits for the North Sea are a matter for the operating oil companies.

While Mr Buchanan-Smith has been in his Aberdeenshire constituency over the weekend discussing the effect the lower oil price is having on the local economy, Opec ministers have been travelling to Brieni, in the Adriatic, for a full ministerial meeting at which they hope to formulate a new output quota agreement.

The opening statement is expected to repeat Opec's attacks on Britain for increasing its share of world oil production.

although under strong pressure from the IMF to boost exports to earn foreign revenue, has indicated it will cut output. So have Egypt, Angola, Oman, Malaysia, Brunei and now Norway.

A firm agreement emerging from the meeting could send world oil prices back up, possibly towards the \$18 a barrel mark, but continued differences within Opec between Iran and Libya and the more conservative Gulf states such as Saudi Arabia and Kuwait could mean that any agreement will not receive unanimous support. Prices could then continue to languish at under \$12.

After Norway's decision on co-operation Opec's president, the Venezuelan oil minister Señor Arturo Girisantti, said:

"Any price recovery will be gradual and depend not only on Opec's ability to comply with its decisions but also on co-operation with non-Opec producers."

However, the broker James Capel suggests that the Opec meeting in Yugoslavia will end inconclusively.

It says: "The short term outlook is therefore uninspiring at best. The recent period looks rather like autumn 1985 when prices rose for about three months on the basis of what turned out to be a totally unnecessary stock build."

"The consequences are unlikely to be so dramatic on this occasion but we do expect further short-term weakness and would not be surprised to see prices at the bottom of our anticipated \$10 to \$18 a barrel range."

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 20th June 1986, and has issued to the Bank, additional amounts as indicated of each of the Stocks listed below:

Table with 3 columns: Amount, Issue Date, and Stock Name. Includes 10 per cent Treasury Convertible Stock, 1990; 9 per cent Treasury Loan, 1994; 9 1/2 per cent Exchequer Stock, 1998; 9 1/2 per cent Treasury Stock, 2002.

In each case, the amount issued on 20th June 1986 represents a further tranche of the relevant Stock, ranking in all respects pari passu with that Stock and subject to the terms and conditions applicable to that Stock, and subject also to the provisions contained in the final paragraph of this notice: the current provisions for Capital Gains Tax are described below.

Copies of the prospectuses for the Stocks listed above, dated 13th January 1986, 14th January 1987, 3rd February 1987 and 12th August 1986 respectively, may be obtained at the Bank of England, New Issues, Wellington Street, London, EC4M 9AA.

Application has been made to the Council of The Stock Exchange for each further tranche of Stock to be admitted to the Official List.

The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

Table with 3 columns: Stock Name, Redemption Date, and Interest Payment Dates. Includes 10 per cent Treasury Convertible Stock, 1990; 9 per cent Treasury Loan, 1994; 9 1/2 per cent Exchequer Stock, 1998; 9 1/2 per cent Treasury Stock, 2002.

ANALYSIS

Morgan Grenfell back in the race

If Morgan Grenfell was slow out of the stalls in the race for survival after the City's big bang, it is now galloping to make up ground like the true thoroughbred it is.

Going public will give it access to the capital necessary for market making and expansion. But this is only one manifestation of its preparations for the deregulated markets of tomorrow.

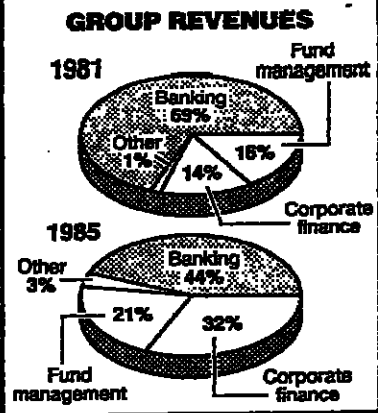
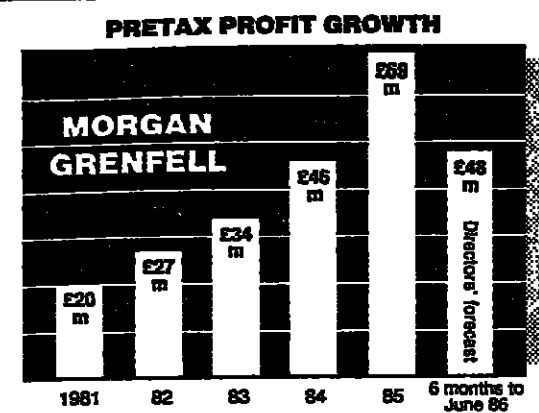
Internally, the process of adaptation and change has already begun.

It is adding to its three main revenue earners — corporate finance, banking and investment management — a fourth, Morgan Grenfell Securities. MG Securities will be the investment banking arm based on a specialist gilt stockbroker, Pember & Boyle, and the stockbroker Pinchin Denny, both of which were acquired for a total of £31 million in 1985.

But, having failed to buy a big equities brokerage house, MG Securities is starting virtually from scratch to build up an equity operation to embrace research, sales, execution and settlement.

Mr John Holmes, joint managing director of MG Securities, said: "It took Wood Mackenzie 18 years to achieve a 5 or 6 per cent market share, something we aim to do in two years."

The big difference is the deregulation of British securities markets. After big bang, on October 27, the heavily protected environment of



profits to the bank. And every time the client increases his bid, the underwriting fee is charged all over again.

So far in 1986, the group has been involved in two such takeovers with an aggregate value of £4.8 billion. These were Guinness's bid for Distillers and United Biscuits' bid for Imperial. All parts of the business are doing well. But the leap in profits to £48 million forecast by the directors for the first half of 1986, compared with £49 million for the whole of 1985, must in no small measure be due to these big deals.

But even in the absence of more big deals, Mr David Poutney, analyst at the stockbroker Greenwell Montagu, reckons that the full-year pre-tax profit will be 38 per cent ahead of last year at £95 million. The underlying profit on ordinary activities may fall from £48 million in the first half to £38 million in the second, but interest income on the proceeds of the issue and cash flows from the first half could be worth another £9 million or so.

Thereafter, it is the uncharted oceans of deregulated markets, a totally different environment. As one director put it in connection with the fixed-interest market — but it applies equally across the board: "We're in the dying throes of the old market, we can't extrapolate forward."

Carol Ferguson

fixed commissions will disappear.

Buying an equity broker is not necessarily a guarantee of success. Many of the new financial combines have suffered defections of valuable teams. But reputations in research and distribution are neither made nor lost overnight.

Even in deregulated markets, MG Securities will have an uphill task to break into the well-established relationships

between the institutions and the broking fraternity.

Judging by the changing mix of Morgan's revenue, shown in the chart, it is apparent that corporate finance has become increasingly important at a time when conventional banking margins have been squeezed.

Underwriting, the directors admit, is an important part of the business. And while profits have been significantly enhanced by fees for advice to

corporate clients, underwriting fees generated by cash alternatives are at least as important.

Morgan is at pains to point out the risks of underwriting. The £650 million merchant bank will take on the whole risk of the cash alternative of a £1.6 billion bid for the few hours it takes to have the bid sub-underwritten.

But even a tiny percentage of the value of a mega-bid can be worth millions of pounds in

Morgan has no transfers to hidden reserves so at the minimum tender price its shares appear to be at a small premium of 2 per cent.

Price	P/E
425p	8.5
450p	9.0
475p	9.5
500p	10.0

Charles Goodhart on a European solution

EMS entry 'is no cure for British disease of poor performance'

There are several facets to what is often called the "British disease" of poor economic performance. The arbitrary working of our labour markets is important among these.

If there were a significant likelihood that joining the EMS would of itself lead to a real improvement in the working of our labour market, then such a move would deserve full support. Alas, I am pessimistic whether the act of joining the EMS would lead to British wage bargainers, on either side of the table, behaving like their German, let alone their Japanese, counterparts.

Accordingly entry into the EMS or, to be more pedantic, into the Exchange Rate Mechanism (ERM) of the EMS (because the United Kingdom is already participating as a member in the EMS with respect to its other, minor technical, features), has to be analysed in terms of the effect on countries, with differing underlying propensities to wage inflation, of joining a pegged, but adjustable, exchange rate system.

A particular problem in this respect is that it can be shown that joining such a system, of temporarily pegged, but adjustable, exchange rates will considerably exacerbate the volatility of domestic interest rates, unless that volatility is artificially reduced by resort to exchange controls, as has been

The author, a former chief economic adviser at the Bank of England from 1977-85, is the Norman Sosnow Professor of Banking and Finance at the London School of Economics and Political Science

for manoeuvre left by the margin between intervention points.

Under those circumstances, there would be some tendency for interest rates in the low-inflation country to rise, and for interest rates in the high-inflation country to fall.

As Alan Walters has shown in his recent book, *Britain's Economic Renaissance*, the initial effect of this would be to put further downward pressure on nominal incomes, activity and inflation in the low-inflation country, but would give an undesirable further expansionary, upward impetus to monetary expansion, output and inflation in the high-inflation country.

Thus, the initial effect of forcing the exchange rate into a pegged form over the interval during which that peg was thought certain to be maintained would be to force interest rates, and forward exchange rates, away from those levels that would give appropriate signals in response to underlying developments in monetary growth and labour markets.

Consider next, however, what happens when the market begins to reconsider seriously whether the authorities can afford to continue to maintain the peg, given the underlying differences in inflationary pressures and wage inflation.

Unless the very act of joining an exchange-rate system should of itself lead to a marked underlying convergence in the growth of unit labour costs, the existence of a pegged exchange rate will lead to the more inflationary partners becoming increasingly uncompetitive, while the low-inflation countries within the system will gain the benefit of greater competitiveness for their export industries.

Anyhow, in due course, the pressures of maintaining the peg despite differential inflationary prospects will become increasingly hard to sustain. But, once the market believes that there is a significant probability of a short-term exchange rate adjustment, then the interest rate premium in the more inflationary country, which would be a candidate for devaluation, would have to be extremely large, in a system without exchange controls, in order to prevent huge capital flows forcing an early, perhaps premature, realignment.

So, were the United Kingdom to join the EMS, given its present devotion to free capital markets without exchange controls, there would be a considerable additional source of volatility to domestic interest rates.

First, whenever the market was confident that the exchange rate peg would be held, interest rates in the United Kingdom would be forced

below the level that would be consistent with our presumably higher rate of growth of unit labour costs.

Then, once the market lost confidence in the continued maintenance of the peg, interest rates could well be forced considerably above the equilibrium level. This would be needed to offset the advantage of shifting funds to some probably appreciating currency, in order to benefit from the perhaps sizeable, prospective step-change in exchange rates.

Entry into a system of pegged, but adjustable, exchange rates, without the support of exchange controls, would introduce considerable further volatility into such interest rates. Currently the shocks from various sources have their impact distributed between domestic interest rates on the one hand and exchange rates on the other. In future, the effect of these shocks is likely to be concentrated even more strongly on domestic interest rates.

Support for entry into the EMS now appears to be growing. As far as the effect on the economy more generally is concerned, I find it difficult to believe that a system which combines considerably more volatile domestic interest rates, with occasional sharp, politically-determined, changes in relative exchange rates, would be more desirable

Enthusiasm for the mechanism needs careful reconsideration

than our present arrangements, let alone a panacea.

As far as the particular interests of financial institutions in the City are concerned, however, the implications are more mixed. On the one hand, the greater volatility of domestic interest rates would raise risks for all those involved in financial markets. On the other hand, the greater volatility would increase the opportunities for profit. Furthermore, the volatility of interest rates would largely be signalled by developments in the balance of payments and on the foreign exchange market.

Because of the political dimension that would now be added into the determination of exchange rates, the likelihood of the politicians being under pressure to adjust the exchange rate is often obvious quite long before the event.

Under those circumstances the future direction of interest rates could often be more easily judged, because the authorities, notably the unfortunate Bank of England, would then be forced into an often untenable posture which would allow fast-moving City operators to take considerable profits at the ultimate expense of the taxpayer by operating against the authority's position, since the latter would obviously be constrained in advance by the political dimension.

My conclusion is that much of the present enthusiasm for joining the EMS needs a more thoughtful reconsideration.

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BANCA NAZIONALE DEL LAVORO

BANCA NAZIONALE DEL LAVORO

CONDENSED STATEMENT OF CONDITION FOR THE BANK AND ITS SPECIAL CREDIT SECTIONS AS AT 31-12-1985

(BILLIONS OF IT. LIRE)

**TOTAL RESOURCES 92,250 (+8%), NET WORTH 2,731 (+33%),
LOAN CONTINGENCY FUNDS 1,609 (+9%),
TOTAL DEPOSITS IN ITALIAN LIRE & FOREIGN CURRENCY 79,115 (+6%),
CASH LOANS IN ITALIAN LIRE & IN FOREIGN CURRENCY 64,150 (+14%),
GROSS SURPLUS 775 (+29%), NET PROFIT 241 (+61%).
GROUP STAFF 25,379, 1,503 OF WHICH EMPLOYED IN QUASI-BANKING COMPANIES.**

BASE LENDING RATES

ABN	10.00%
Adm & Company	10.00%
BCCI	10.00%
ChBank Savings	10.75%
Consolidated Crd	10.00%
Continental Trust	10.00%
Co-operative Bank	10.00%
C. Hoare & Co	10.00%
Hong Kong & Shanghai	10.00%
Lloyds Bank	10.00%
Nat Westminster	10.00%
Royal Bank of Scotland	10.00%
TSB	10.00%
ChBank NA	10.00%
† Mortgage Base Rate	

BAYER AKTIENGESELLSCHAFT

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a Resolution passed at the Annual General Meeting of shareholders held on 19th June, 1986 a Dividend for the year 1985 of DM. 10.00 per share of DM. 50 nominal will be paid as from 22nd June, 1986 against delivery of Coupon No. 44.

All dividends will be subject to deduction of German Capital Yields Tax of 25%.

The net amount of dividend is payable in German Marks. Paying Agents outside Germany will pay in the currency of the country in which the Coupon is presented at the rate of exchange on the day of presentation.

Coupon No. 44 may be presented as from 22nd June, 1986 at the Company's Paying Agents in the United Kingdom—

Hambros Bank Limited
F.H. Samuel & Co. Limited
Kleinwort Benson Limited
S.G. Warburg & Co. Ltd.

from whom claim forms may be obtained.

United Kingdom Income Tax will be deducted at the rate of 14% (14 Pence in the £) unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents. The Company's United Kingdom Paying Agent will, upon request, provide the appropriate form for such recovery.

Leverkusen
19th June, 1986

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ONCE FLOWN, NEVER FORGOTTEN

ABU DHABI AMMAN ATHENS BAHRAIN BANGKOK BOMBAY CAIRO COLOMBO DELHI DHARRAN DHAKA DOHA DUBAI FRANKFURT HONG KONG
ISTANBUL JEDDAH KARACHI KHARTOUM KUWAIT LARNACA LONDON MANILA MUSCAT PARIS RAS AL KHAIMAH RIYADH SALALAH SANAA SHARJAH TUNIS

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...a European solution
...is no cure
...disease
...performance

السنة 1405

GILT-EDGED

Market unlikely to dance again yet

The vigorous waltz to which gilts were whirling this spring ceased abruptly in mid-April. Ironically enough, sudden silence descended at a time when it seemed that many of gilt-edged players' long-held economic dreams were coming true.

Inflation, interest rates and government borrowing had all been dropping simultaneously; and this surfeit of good news had proved sufficiently powerful to drive long yields down as low as 8 1/2 per cent — a level not seen since the early 70s.

Since mid-April, however, the market has been on an erratic, but persistent, downward trend. By the end of last week, long gilts yielded about 9 1/2 per cent.

The reason the music stopped was that the good news — stemming in particular from the beneficial effects of the winter oil price collapse — had been pretty fully discounted. And at the back of the gilt-edged market's collective subconscious there were several increasingly nagging worries: notably continuing high wage cost growth and an acceleration (from an already very robust level) of broad money growth.

At present there is precious little sign of any deceleration in the rate of pay settlements. The CBI and other observers have discerned some small moderation, but settlements remain above 6 per cent and earnings growth is stuck at 7.5 per cent — where it has been now for almost two years. And this, because of the present lack of productivity gain, is producing growth in unit labour costs of much the same magnitude.

Some, inclined towards a sanguine view of the world, reckon that wage settlements will see a sharp drop in the wage round which begins this autumn. However, recent experience lends little support to such optimism, particularly as the economy should then be accelerating, the labour market improving, profits and dividends growing strongly, and inflation, having hit an 18-year low this summer, edging up again.

Unless pay settlements drop sharply it is inevitable that, with the strong disinflationary pressure exerted by import prices having evaporated, that inflation will be on a sharply rising trend next year, taking it towards 5 per cent once more. Given this sobering possibility, it is hardly surprising that gilt-edged investors have proved reluctant to chase yields even lower.

The other development which has generated increasing unease has been the sharp acceleration seen in the growth of £M3, with a 3 per cent (and still unexplained) jump in banking May, annual growth rose to an extraordinary 20 per cent. Were this "glacier of liquidity" to begin to melt it could do so with a rapidity which would leave geological metaphors floundering.

Fortunately, it is only likely to do so if UK interest rates are brought down so far and so fast that the pound is put at risk. Then these accumulated assets could flow across the exchanges, possibly generating a currency crisis and certainly putting at risk the Government's anti-inflation objective. Such a possibility will weigh heavily in Whitehall's interest rate policy scales and tip them decisively towards caution.

There is another, more "political" reason, why UK base rates will come down only slowly from now on — namely, the need to float British Gas successfully this year.

Were the flotation to flop, doubts would be cast over the future success of the Government's extremely ambitious privatization programme. And this, in its turn, would dash the chances of a large income tax cut next spring, except on the basis of some very dubious budgetary arithmetic. Faced with such a straggle of the financial markets, by then increasingly paranoid about pre-election U-turns, would immediately blow the whistle.

If, therefore, the equity market is flagging later this year it might be thought desirable to give it a shot in the arm. Accordingly, Mr Lawson will wish to keep most of his remaining interest rate powder dry.

Were all this the end of the matter then there would be little chance of long yields again moving towards 9 per cent. What could cause this to happen this summer, however, is a favourable wind blowing from across the Atlantic. Should US short-term rates fall further and the US bond market power ahead it is highly likely to drag up the British market in its wake.

Growth in the US is very low at the moment — all the

Decision time nears in the battle of styles for Woolworth's future

By Alison Eadie

The £1.8 billion takeover battle being waged by Dixons Group for Woolworth Holdings has just over a week to run. The moment of decision for shareholders has arrived. Despite the welter of documents and claims from both sides, the battle can be reduced to the question, who is the better retailer?

Woolworth's case rests on its Focus programme — concentrating its stores on six sales areas. These are children, gifts and sweets, entertainment, home and garden, kitchen and looks.

Lower margin products like food have been discontinued in favour of expanding these six more profitable areas.

Woolworth says Focus is working. Sales are up by 27 per cent and gross margins by four percentage points in the Focus stores opened last October.

Capel-Cure Myers, a stockbroker strongly supportive of the Woolworth management, believes Focus is capable of producing substantial growth for the chain. It is forecasting group profits before tax of £230 million in 1989-90 compared with £81.3 million in 1985-6.

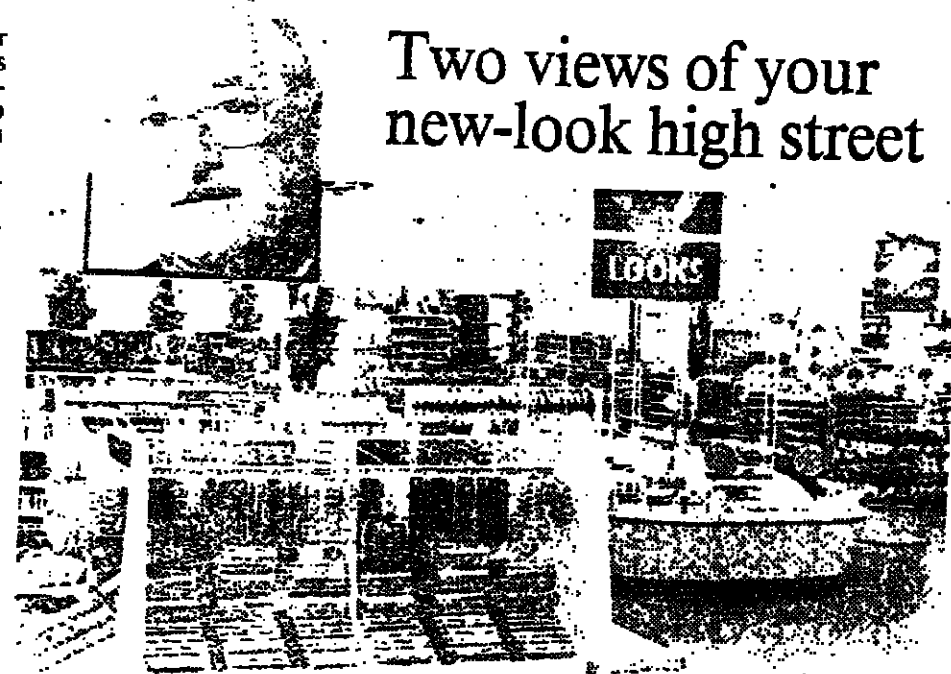
Dixons, however, disagrees. According to its calculations, Focus halves net profits because, it says, the cost of refurbishing the stores and hiring extra staff outweighs the sales and gross margin benefits.

Woolworth counters that Dixons' assumptions on margins, sales and costs are all wrong. It would not be ploughing ahead with Focus if the programme did not enhance profits, it says.

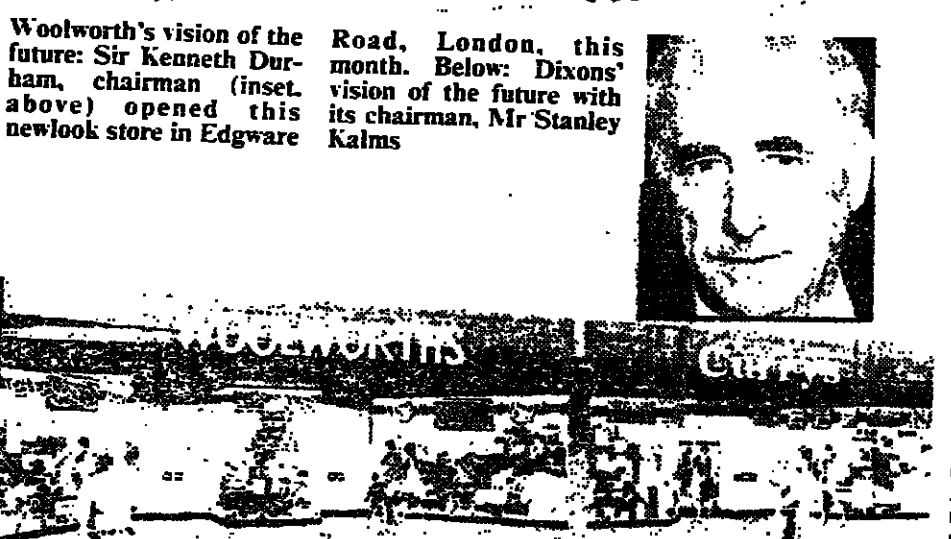
Dixons is convinced that Woolworth is caught in the trap of low-priced, low-margin products, which will never produce adequate returns. The average amount a customer spends in the Focus stores is up by 65 per cent, but the average basket is still only worth just over £3.

Dixons' answer is its Operation Ramrod. Woolworth's space would be reduced to 5 million square feet from 7 million and Dixons and its subsidiary, Currys, would be given the additional 2 million square feet.

The number of Woolworth products would be increased dramatically and more would be packed into less space. Sweets — a hot issue in this bid — would be moved nearer the back of the store and higher margin goods to the front. The windows would be



Two views of your new-look high street



Woolworth's vision of the future: Sir Kenneth Durham, chairman (inset, view of the future with above) opened this newlook store in Edgware Road, London, this month. Below: Dixons' vision of the future with above, Mr Stanley Kaim

tations is understandable, because the fate of Woolworth rests with institutions which own more than 90 per cent of Woolworth's equity. Three institutions — Warburg Investment Management, Robert Fleming and the Prudential — control more than 30 per cent.

When the present Woolworth management took over in the institutional buyout at the end of 1982, it said it needed seven years to put things right.

The lack of management information and stock controls — there were 20 years supply of lime green zips, for instance — presented enormous problems. And there is no doubt the shareholders are pleased with their investment to date. The company is valued at £1.8 billion today against a buyout price in 1982 of £310 million.

But the institutions will not be loyal at any price. If they reject Dixons' bid, they risk seeing Woolworth's share price fall. The question is, how far will it fall and how long will it take to recover?

For those with doubts about Ramrod, there is the option of a partial cash alternative worth 802.4p a share, against a market price of Woolworth at 760p. For those who believe Dixons can deliver the goods, the share and convertible offer is worth 821.5p a share.

Dixons has structured its bid carefully to avoid prejudicing its own shareholders.

The stockbroker Wood Mackenzie estimates there would be dilution of only 2 per cent in the year to next April 30, minor earnings enhancement the following year and significant earnings enhancement thereafter. The broker, a great fan of Dixons' management, believes the combined group would provide "an outstanding investment opportunity".

Shareholders have a choice of two managements and two retail concepts.

The larger holders have to think about what weighting they would want in a combined group, if they were to accept. All have to decide whether they want to see further concentration in the high street.

Ian Harwood and John Shepperd
The authors are on the staff of the broker Rowe & Piman, Mullens & Co

INVESTMENT TRUSTS											
Company	Price	Change	Gross	Div	Yield	Company	Price	Change	Gross	Div	Yield
	£	%	£	%	%		£	%	£	%	%
28.00m Alder	172	+0.5	2.6	2.8	10.4	28.00m Grosvenor	200	+0.5	2.4	0.2	1.0
100.00m Anglo Trust	174	+0.5	4.4	3.2	18.4	87.00m Grosvenor House	194	+0.5	6.3	2.8	14.3
100.00m Anglo Trust	174	+0.5	4.4	3.2	18.4	87.00m Grosvenor House	194	+0.5	6.3	2.8	14.3
100.00m Anglo Trust	174	+0.5	4.4	3.2	18.4	87.00m Grosvenor House	194	+0.5	6.3	2.8	14.3

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"The year ended 31 March 1986 has been one of considerable activity and impressive progress which are reflected in the results. ... Shareholders should be fully aware of the inherent quality and strength of the Group's portfolio, carefully built up over many years, together with its future potential."

Richard Peskin — Chairman

Rent receivable	£21.22 million	UP 14%
Net revenue after tax	£11.85 million	UP 24%
Earnings per share	8.0p	UP 18%
Dividend for year	6.6p	UP 10%

Group's property assets now exceed £340 million

GREAT PORTLAND ESTATES

PROPERTY INVESTMENT AND DEVELOPMENT

For a copy of the Annual Report and Accounts please write to the Secretary, Knighton House, 56 Mortimer Street, London W1N 8BD.

APPOINTMENTS

Alexander Howden Reinsurance Brokers: Mr Ronald Cullum has been made joint chief executive of the Lloyd's and London Market Reinsurance Division (LMX).

Grants of St. James's: The new board, to be chaired by Mr Mike Hearder, comprises Mr Michael Staton, managing director; Mr Edward Cory deputy managing director; Mr Keith Charlton operations director; Mr Philip Goodband buying director; Mr Robert Gregory personnel director; Mr John Griffiths sales director; Take Home: Mr Tony O'Neill sales director; National Wholesale: Mr Philip Robinson sales director; Group Trading: Mr John Taylor sales director; Specialist Wholesaling: and Mr Peter Tillet finance and planning director.

Appointed non-executive directors are Mr Colin Anderson, wine development; Mr Jeremy Bennett, corporate affairs; Mr Fred Heather and Mr John Steele, operations planning.

Regalian (Urban Renewal) and Regalian Developments: Mr Lee Goldstone has been appointed managing director of the two companies and Mr Roland King has joined both boards.

Ricardo Consulting Engineers: Mr Bernard J Challen has joined the board as a technical director.

Canadian Pacific: Mr Denis Keast has been named as director, financial services.

RMC Group: Mr J C S Mott has been elected a non-executive director.

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From your portfolio card check your eight share price movements. Add them up to give you your overall total. Check this against the daily dividend figure published on this page. If it matches you have won outright or a share of the total daily price money. If you are a winner follow the claim procedure on the back of your card. You must always have your card available when claiming.

Capitalization and week's change

(Current market price multiplied by the number of shares in issue for the stock quoted)

ACCOUNT DAYS: Dealings began June 16. Dealings end June 27. Contango day June 30. Settlement day July 7.

Forward bargains are permitted on two previous business days.

Portfolio Gold

DAILY DIVIDEND £4.00

Claims required for +45 points

Claimants should ring 0254-53272

No.	Company	Group	Gain or Loss
1	Eds & Goldens	Drapers, Stores	
2	Carson's	Opt	
3	Electronic Mach	Electricals	
4	Ward	Building, Roads	
5	Eurotherm	Electricals	
6	Turall	Building, Roads	
7	Wood (SW)	Industrial S-Z	
8	Fire Art Des	Drapers, Stores	
9	Sterling Ind	Industrial S-Z	
10	Cadron-Schepers	Foodst	
11	Flora	Foodst	
12	Greenhall Whites	Breweries	
13	NIM	Industrial A-D	
14	Lennox Ind	Industrial L-R	
15	Centard Nat	Bank, Discount	
16	NEI	Electricals	
17	Baker Perkins	Industrial A-D	
18	McCorquodale	Paper, Printing	
19	RHP	Industrial L-R	
20	Atlantic Comp	Electricals	
21	Scott & New	Breweries	
22	LDH	Industrial L-R	
23	Babcock	Industrial A-D	
24	Siddingtons	Breweries	
25	Gold Greenleafs	Paper, Printing	
26	Ferguson	Industrial A-D	
27	Sumner	Industrial A-D	
28	Brownlie	Building, Roads	
29	Centon	Opt	
30	Five Oaks	Property	
31	Morrison (W)	Foodst	
32	Barham	Industrial A-D	
33	Bilton (P)	Property	
34	Davis (Ludford)	Motors, Aircraft	
35	Bassett	Foodst	
36	Belzoni	Property	
37	Gen SR	Drapers, Stores	
38	Utd Britus	Foodst	
39	Lough	Chemicals, Plast	
40	Evans of Leeds	Property	
41	Harris Queensway	Drapers, Stores	
42	Silvenco	Oil	
43	Times Newspapers Ltd	Daily Press	

Please be sure to take account of any minus signs

Weekly Dividend

Please make a note of your daily totals for the weekly dividend of £8,000 in Saturday's newspaper.

MON	TUE	WED	THU	FRI	SAT	WEEKLY TOTAL
100	100	100	100	100	100	600

BRITISH FUNDS

Stock	Price	Chg	Int	Gross
1000 Jap	100	0	0	100
1000 Ind	100	0	0	100
1000 US	100	0	0	100

SHORTS (Under Five Years)

Year	1966	1965	1964	1963	1962	1961	1960
1966	100	100	100	100	100	100	100
1965	100	100	100	100	100	100	100
1964	100	100	100	100	100	100	100
1963	100	100	100	100	100	100	100
1962	100	100	100	100	100	100	100
1961	100	100	100	100	100	100	100
1960	100	100	100	100	100	100	100

FIVE TO FIFTEEN YEARS

Year	1966	1965	1964	1963	1962	1961	1960
1966	100	100	100	100	100	100	100
1965	100	100	100	100	100	100	100
1964	100	100	100	100	100	100	100
1963	100	100	100	100	100	100	100
1962	100	100	100	100	100	100	100
1961	100	100	100	100	100	100	100
1960	100	100	100	100	100	100	100

OVER FIFTEEN YEARS

Year	1966	1965	1964	1963	1962	1961	1960
1966	100	100	100	100	100	100	100
1965	100	100	100	100	100	100	100
1964	100	100	100	100	100	100	100
1963	100	100	100	100	100	100	100
1962	100	100	100	100	100	100	100
1961	100	100	100	100	100	100	100
1960	100	100	100	100	100	100	100

UNDATED

Year	1966	1965	1964	1963	1962	1961	1960
1966	100	100	100	100	100	100	100
1965	100	100	100	100	100	100	100
1964	100	100	100	100	100	100	100
1963	100	100	100	100	100	100	100
1962	100	100	100	100	100	100	100
1961	100	100	100	100	100	100	100
1960	100	100	100	100	100	100	100

INDEX-LINKED

Year	1966	1965	1964	1963	1962	1961	1960
1966	100	100	100	100	100	100	100
1965	100	100	100	100	100	100	100
1964	100	100	100	100	100	100	100
1963	100	100	100	100	100	100	100
1962	100	100	100	100	100	100	100
1961	100	100	100	100	100	100	100
1960	100	100	100	100	100	100	100

BANKS DISCOUNT HP

Bank	Rate
1000	100
1000	100
1000	100

BREWERIES

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

BUILDINGS AND ROADS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

FINANCE AND LAND

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

FOODS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

CHEMICALS, PLASTICS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

CINEMA AND TV

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

DRAPERY AND STORES

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

ELECTRICALS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

FINANCE AND LAND

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

FOODS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

CHEMICALS, PLASTICS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

CINEMA AND TV

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

DRAPERY AND STORES

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

ELECTRICALS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

FINANCE AND LAND

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

FOODS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

CHEMICALS, PLASTICS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

CINEMA AND TV

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

DRAPERY AND STORES

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

ELECTRICALS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

FINANCE AND LAND

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100
1000	100	0	100	100	100	100

FOODS

Company	Price	Chg	Gross	Div	Yield	P/E
1000	100	0	100			

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 Claimants should ring 0254 0254

OVERSEAS TRADERS
 PAPER PRINTING ADVICE
 PROPERTY

A copy of this document, which comprises listing particulars with regard to Morgan Grenfell Group plc in accordance with The Stock Exchange (Listing) Regulations 1984, has been delivered for registration to the Registrar of Companies as required by those Regulations. The Directors of Morgan Grenfell Group plc, whose names appear in this document, are the persons responsible for the information contained in this document. To the best of their knowledge and belief the Directors who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents or the compliance with other necessary formalities, and to pay any issue, transfer or other taxes due in any such territory. The attention of persons who are not nationals, citizens or residents of countries outside the United Kingdom is drawn to paragraphs (f) and (g) of "Terms and conditions of application" below.

MORGAN GRENFELL GROUP PLC

(Registered in England No. 1032332)

Offer of Ordinary Shares by Tender

Offer of 32,000,000 new Ordinary Shares of £1 each at a minimum tender price of 425p per share, the price tendered being payable in full on application

Sponsored by Cazenove & Co.

Underwritten through Cazenove & Co. and Morgan Grenfell Securities Limited

Introduction of 12,000,000 11¼ per cent. Cumulative Preference Shares of £1 each

Application has been made to the Council of The Stock Exchange for all the issued 11¼ per cent. Cumulative Preference Shares and the whole of the ordinary share capital of the Company, issued and now being issued, to be admitted to the Official List. The Application List for the new ordinary shares will open at 10.00 a.m. on Thursday, 26th June, 1986 and may be closed at any time thereafter. The procedure for application and an application form for the new ordinary shares are set out at the end of this document. It is expected that admission of the ordinary shares and the 11¼ per cent. Cumulative Preference Shares to the Official List will take place and dealings will commence on Thursday, 3rd July, 1986.

Key information

The following information should be read in conjunction with the full text of this document.

Business
 Morgan Grenfell is a merchant banking group with operations in the UK and overseas. The three principal subsidiaries are:

- Morgan Grenfell & Co. Limited, which is a member of the Accepting Houses Committee in London and provides investment and commercial banking and other financial services to UK and overseas clients
- Morgan Grenfell Asset Management Limited, which is responsible for investment management in the UK and internationally
- Morgan Grenfell Securities Holdings Limited, which is responsible for securities operations, including research, sales, distribution and market making

Financial record

	Years ended 31st December				
	1981	1982	1983	1984	1985
Profit before taxation	£ 20.2	26.6	33.8	46.4	68.9
Earnings per ordinary share	p 13.7	19.0	22.3	25.2	36.0

These figures, which are extracted from the Accountants' Report, are stated on the basis that transfers to undisclosed reserves had not been made. In future the Group will not make such transfers.

Profit forecast for six months ending 30th June, 1986
 The Directors are forecasting profit before taxation for the six months ending 30th June, 1986 of not less than £48 million and earnings per ordinary share of not less than 25.4p (fully diluted—23.9p). Attention is drawn to the context in which the forecast is made which is described under "Profit forecast and prospects" below.

Offer statistics at the minimum tender price

Minimum tender price	425p
Ordinary shares in issue after the Offer	150,592,490
Market capitalisation	£640 million
Historic price earnings multiple	11.8 times
Historic gross dividend yield	2.8 per cent.
Pro-forma net tangible assets per ordinary share after the Offer	216p
Estimated net proceeds for the Company	£131 million

Notes:
 (a) The historic price earnings multiple is based on earnings per ordinary share for the year ended 31st December, 1985, as set out in the Accountants' Report.
 (b) For further information on the basis on which the historic gross dividend yield is calculated, see "Dividends" below.
 (c) Pro-forma net tangible assets per ordinary share after the Offer are based on the pro-forma consolidated net tangible assets as set out in the Accountants' Report.

Share capital following the Offer

Authorised		Issued and fully paid
£		£
750,000	4 per cent. Cumulative Redeemable Preference Shares of £1 each	750,000
250,000	6 per cent. Cumulative Preference Shares of £1 each	250,000
12,000,000	11¼ per cent. Cumulative Preference Shares of £1 each	12,000,000
6,736,087	5 per cent. Cumulative Convertible Redeemable Preference Shares of £1 each	6,736,087
209,825,508	Ordinary Shares of £1 each	150,592,490

Following the Offer, the ordinary shares now being offered will rank in full for all dividends and other distributions declared, made or paid on the ordinary shares of the Company.
 A summary of the rights attaching to these classes of shares giving details of their dividend rights is set out in paragraphs 2(a) to (g) of "Memorandum and Articles of Association" below. The table excludes a balancing share which has arisen pursuant to conversion of 5 per cent. Cumulative Convertible Redeemable Preference Shares, details of which are set out in paragraph 2(e) of "Memorandum and Articles of Association" and paragraph 11(d)(i) of "Further information" below.

Loan capital

At 6th June, 1986, the outstanding loan capital of the Company and its subsidiaries, all of which was unsecured, was as follows:

Dutch guilders loan 8¼ per cent. repayable 1978-87	£1,581
US dollar floating loan repayable 1991	6,649
US dollar loan repayable 1992	6,649
US Dollar Floating Rate Notes Due 1994	33,245
Sterling loan 15.35 per cent. repayable 1994-95	7,444
5 per cent. Convertible Unsecured Loan Stock 1996	14,419

Amounts of loan capital denominated in foreign currencies have been translated into sterling at market rates of exchange ruling on 6th June, 1986.

Definitions

"Company"	Morgan Grenfell Group plc
"Morgan Grenfell" or "the Group"	the Company and its subsidiaries including, where the context requires, their predecessors in business
"Bank"	Morgan Grenfell & Co. Limited
"MG Asset Management"	Morgan Grenfell Asset Management Limited
"MG Securities"	Morgan Grenfell Securities Holdings Limited
"Directors"	the Directors of the Company
"ordinary shares"	Ordinary Shares of £1 each in the Company
"new ordinary shares"	the 32,000,000 new ordinary shares the subject of the Offer
"Offer"	the offer by tender of 32,000,000 new ordinary shares set out in this document
"Capitalisation Issue"	the one for one capitalisation issue of ordinary shares pursuant to the special resolution referred to in paragraph 11(e) of "Further information" below

Directors and advisers

Directors	Lord Carro <i>Chairman</i>
	C. R. Reeves <i>Deputy Chairman and Group Chief Executive</i>
	Sir Peter Carey, G.C.B.
	Sir Kenneth Durham*
	B. N. A. Hardman
	G. L. Law
	G. M. Nissen
	D. V. Palmer*
	Lord Pennock
	C. F. M. Rawlinson
	Sir John Sparrow
	G. R. Walsh
	C. M. J. Whittington
	all of 23 Great Winchester Street, London EC2P 2AX
	*Non-executive Directors
Secretary	John Baylis, Solicitor
Registered office	23 Great Winchester Street, London EC2P 2AX
Sponsors and joint stockbrokers	Cazenove & Co. 12 Tokenhouse Yard, London EC2R 7AN
Joint stockbrokers	Morgan Grenfell Securities Limited 23 Great Winchester Street, London EC2P 2AX
Solicitors to the Company	Slaughter and May 35 Basinghall Street, London EC2V 5DB
Solicitors to the Offer	Freshfields Grindall House, 25 Nevigate Street, London EC1A 7LH
Auditors and joint reporting accountants	Spicer and Pegler, Chartered Accountants Friary Court, 65 Crutched Friars, London EC3N 2NP
Joint reporting accountants	Pest, Marwick, Mitchell & Co., Chartered Accountants 1 Puddle Dock, Blackfriars, London EC4V 3PD
Registrars	Lloyds Bank Plc, Registrar's Department Goring-by-Sea, Worthing, West Sussex BN12 6DA
Receiving bankers	Lloyds Bank Plc, Registrar's Department Issue Section, P.O. Box 1000, 61 Moorgate, London EC2R 6BL

History

The history of Morgan Grenfell dates from the late 1830s when George Peabody, a merchant from Boston, Massachusetts, set up in business in the City of London. Peabody imported cotton and tobacco from, and exported textiles and manufactured goods to, the United States. The financing of trade by bills drawn on London led to the evolution of his business into that primarily of a bank granting trade credits. In 1854, Junius Spencer Morgan, also from Massachusetts, joined the partnership; in 1890 his interest passed to his son J. Pierpont Morgan, who was the founder of J. P. Morgan & Co. in New York.

The link with the United States was further developed during the nineteenth century as the firm began issuing railroad and other US securities in the London market. Other banking transactions included loan issues for Chile, Argentina and Spain and an issue of a £10,000,000 war loan for the French Government in 1870 when Paris was under siege. From January 1915 to August 1917 the greater part of the British Government's purchase orders for war supplies and related loan and exchange transactions with the United States were channelled through the partnership to J. P. Morgan & Co., who acted as the British Government's Purchasing and Financial Agent.

The name of the partnership became Morgan, Grenfell & Co. in 1910 when Edward Charles Grenfell was the senior partner in London. A change in American banking law in 1933 precluded the American partners from taking part in the management of the business of Morgan Grenfell and it subsequently became a limited liability company with a one-third minority shareholding retained by J. P. Morgan & Co. The connection ended in 1982 on the completion of the sale of this equity interest.

After the First World War, Morgan Grenfell's domestic business became increasingly important. It increased its involvement with industrial and commercial undertakings, through the acceptance of bills of exchange and as an issuing house.

In the years after the Second World War, the Bank held a leading position in the new issue market and acted in relation to the de-nationalisation of the majority of the British steel companies. It played a major part in underwriting debenture and loan stock issues for many industrial companies. During the 1960s, the Bank's corporate finance business became increasingly involved in mergers and acquisitions. The Group also developed its investment management business for corporate pension funds and entered the field of leasing. Thereafter the business developed in two principal ways. A larger and more effective banking capability was created and the Group greatly extended the range of its international activities and its presence overseas.

During the late 1970s, decisions were taken to increase the resources devoted to corporate finance, investment management and the eurobond market. In recent years, the Group has

achieved a leading position in the UK as a corporate finance adviser at a time of considerable activity in take-overs and mergers and has successfully expanded its investment management operations, particularly with overseas based clients. These factors have resulted in a significant increase in the Group's reputation and profits.

The recent expansion of the Group's existing operations and its commitment to new markets have been aided by the raising of new equity capital through rights issues in 1978, 1981 and 1984 and the subscription of a 4.9 per cent. interest by Deutsche Bank A.G. in December 1984. The shareholding base had begun to broaden from the mid 1960s when Willis Faber p.l.c. and certain institutional investors purchased shares. The subsequent rights issues and placing of J. P. Morgan's interest provided the opportunity to introduce additional institutional shareholders. Prior to the Offer, 30 major shareholders, including Willis Faber p.l.c., The Prudential Assurance Company Limited and Deutsche Bank A.G., owned approximately 85 per cent. of the issued ordinary share capital, the balance being owned by present and former Directors and employees and their families.

In anticipation of the forthcoming changes in the UK securities industry, Morgan Grenfell is aiming to enhance its position as a financial services group by becoming a significant participant in the securities markets. The Group has acquired the businesses of Pinchin, Denny & Co. and Pember & Boyle (respectively stockjobbers and stockbrokers) which are being integrated with the Group's existing securities business. This activity is complementary to the Group's position as a leading underwriter and issuing house.

A reorganisation of the corporate and management structure of the Group was initiated in Autumn 1985 against a background of growth in the Group's existing activities and the plans for a substantial commitment to securities trading. The reorganisation involved the separation of the operating management of the banking, asset management and securities businesses. These businesses are now conducted through three principal subsidiaries of the Company, namely Morgan Grenfell & Co. Limited, Morgan Grenfell Asset Management Limited and Morgan Grenfell Securities Holdings Limited, together with the overseas subsidiaries. These businesses are described below.

Description of the business

Morgan Grenfell & Co. Limited

Morgan Grenfell & Co. Limited is a recognised bank and is a member of the Accepting Houses Committee and the British Bankers' Association. Together with the overseas operations it provides investment and commercial banking and other financial services. The various divisions of the Bank work closely together in circumstances where co-operation and the exchange of expertise and ideas can enhance the service provided to clients.

Corporate Finance division

The Corporate Finance division is one of the largest and most active in the City of London and provides financial services to domestic and overseas clients. Those services comprise:

- advice on take-overs and mergers
- provision of finance for take-overs, mergers and acquisitions through securities underwriting
- raising funds through securities issues on The Stock Exchange, and also through private placings
- advice on obtaining listings for UK and overseas clients on The Stock Exchange
- advice on acquisitions and disposals of businesses, including identification of vendors or purchasers and negotiation of terms
- general advice on financial matters

Growth in the division's business over the past five years has been substantial, reflecting a high level of stockmarket activity and an increasing client base. For example, the 1981-82 edition of Crawford's Directory of City Connections recorded Morgan Grenfell as having 98 UK corporate clients (including joint advisory positions) compared with 143 in the 1986 edition. In 1981 financial advice on specific matters was provided to 100 clients; this had increased to 163 clients in 1985, of which 31 were overseas corporations.

The table below indicates the growth in the Corporate Finance division's transaction-related business in recent years.

	Years ended 31st December					5 months ended
	1981	1982	1983	1984	1985	31st May 1986
Number of transactions	51	52	66	81	110	43
Aggregate value	£ 1.2	1.8	2.3	4.2	6.7	9.1
Number of executives at end of period	56	65	61	69	81	84

Transactions included above comprise take-overs and mergers (whether acting for the offeror or offeree), acquisitions and disposals, rights issues, buy-outs, placings and primary underwriting in privatizations. The provision of general advice on financial matters is not included. A transaction is included in the period in which it was completed. Some transactions have therefore been included in the above table in periods which differ from those in which the applicable fees and commissions have been brought into the Group's financial accounts; the relevant number and value of such transactions is not material in the case of take-overs and mergers, which include successful and lapsed offers and transactions where the Bank was a joint adviser; the only value taken is the total value of the final offer. In the case of floatations, placings and underwritings in privatizations, the value included is that attributable to the securities offered, placed or underwritten by the Bank, as applicable; listings which did not involve a marketing of securities, such as introductions to The Stock Exchange, have not been included.

2 MORGAN GRENFELL GROUP PLC

The Bank is one of the leading advisers on UK take-overs and mergers. Advice is given to offeror and to offeree companies, in contested and recommended offers. Over the period covered by the table the greater part of the division's revenue has been earned from take-over, merger and acquisition activity and recently it has benefited from a number of very large transactions. In 1986 the Bank has been involved in two take-overs in which the aggregate consideration offered totalled £4.8 billion.

As well as providing advice on strategy, the Bank frequently plays a role as principal to assist its clients in take-overs. This takes two forms. It underwrites securities to provide a cash alternative to offeree shareholders, which in recent years has been an important element of offers, particularly where they are contested. In accordance with its normal practice when acting as primary underwriter, the Bank arranges sub-underwriting by institutional and other investors for substantially all of the primary underwriting risk. Over the period covered by the table above the Bank underwrote a total of £8.6 billion of securities in take-overs and mergers, counting separately underwriting carried out in initial and revised offers, of which £3.9 billion arose from the two transactions referred to above. In addition, the Bank will, where appropriate, commit funds by carrying out market operations in order to support particular bid tactics. These market operations are usually carried out under arrangements whereby profits or losses are attributable to clients. Guidelines recently introduced by the Bank of England limit the amount that may be committed to each such operation by reference to the Bank's capital base.

The Bank's position as a leading primary underwriter is also illustrated by the number and value of rights issues in which it has participated. Between 1st January, 1981 and 31st May, 1986 it underwrote 56 issues to raise over £1.6 billion. The Bank has also underwritten shares issued in several substantial tender placements and in a high proportion of the offers in H.M. Government's privatisation programme. As well as acting as adviser and issuing house in offers for sale, the Bank is active in arranging placements of securities with investors to raise capital for private companies and venture capital funds. It also sponsors the introduction of overseas corporations to The Stock Exchange in London, which in the case of a number of European companies has involved a placing of securities.

The division provides advice relating to acquisitions and disposals of private companies, subsidiaries and divisions. Advice is also provided on capital reorganisations and restructurings, investor relations and company valuations. There is a team of executives who research on behalf of clients into businesses which are or may be available for acquisition and into buyers for such businesses, as well as a team specialising in taxation matters.

Banking and Capital Markets division

The Banking and Capital Markets division provides a range of funding services, principally in the area of debt finance. These services comprise:

- managing and underwriting the issue of fixed rate bonds, convertible bonds, floating rate notes and equity in the international capital markets, and of sterling debt securities in the UK market
- interest rate and currency swaps
- arrangement, syndication and provision of term loans, acceptance credits and note issuance facilities in a variety of currencies
- lease finance and UK local authority project finance

The division was established in its present form during 1985 as a result of mergers of the Eurobond division, part of the International division and the Domestic Banking division. This reorganisation took place against the background of far-reaching structural changes in the world's banking and capital markets. These changes have involved a significant increase in the importance of tradeable debt instruments and associated financing techniques at the expense of bank lending, together with an increasing level of competition and pressure on margins. The division is organised so as to cover various product and marketing areas and aims to identify existing and potential clients' requirements and to ensure that these are met by the appropriate specialist groups.

Over the past five years the Bank has established a significant capital markets business and has materially increased its share of the eurobond issue market. Competition in the market is very considerable, with consequent pressure on profitability. Therefore, as part of the Bank's primary market activities in a range of currencies, it has pursued a policy of developing significant market share in eurosterling issues, specialising in equity linked business and placing an emphasis on innovation. In 1985, the majority of the Bank's lead management positions were in eurosterling and bulldog issues. During the first five months of 1986 the Bank ran the books for 14 issues, 13 of which were eurosterling for a total amount of over £1 billion, representing over 25 per cent. of the value of all eurosterling issues in that period.

The division has devoted substantial resources to the development of its business in interest rate and currency swaps and in recently introduced related products such as futures, options and interest rate caps. In addition to the team in London, a team has been established in New York and the Group's offices in Singapore, Tokyo and Sydney also have personnel specialising in swaps, enabling the Bank to offer a swap capability in these markets. The Bank has recently expanded its position-taking and hedging capabilities in US dollars and sterling with a view to supporting an increased level of activity.

The lending and related banking activities of this division represent an important part of the Bank's business. These activities include the provision of corporate loans, acceptance credit facilities, local authority project finance and leasing finance. The division is responsible for a portfolio of such assets which, at 31st December, 1985, included £464 million (sterling equivalent) in loans and advances, including off-balance sheet transactions, £406 million in acceptance credits and £157 million net investment in finance leases. The division also arranges specialist financing such as take-over related finance, tax based loans and syndicated transactions including multiple option and note issuance facilities. In the first five months of 1986 the division arranged some £2 billion of facilities for such specialist financings. Whilst reduced UK tax benefits for tax based leasing are expected to result in this area of finance becoming less important in the future, the division is developing its expertise in international leasing, non tax based forms of asset finance and aircraft finance. The Bank intends to participate in the new sterling short-term paper market.

Treasury division

The Treasury division is responsible for managing the deposit liabilities of the Bank and its liquid assets and domestic and international money market loans. The division conducts as principal a wide range of trading activities with central banks, government agencies, private sector and nationalised banks, corporations and other institutions in the UK and overseas. As well as trading with its own customers, the division's expertise is available to assist clients of other parts of the Group. The division covers four principal market areas:

- foreign exchange
- sterling domestic money market
- eurocurrency money markets
- financial futures and other off-balance sheet instruments

In foreign exchange, the division deals in the spot and forward markets in major convertible currencies and is a market maker in spot sterling, Japanese yen, deutschemarks and Swiss francs, and in forward sterling, all against the US dollar.

The Bank takes sterling and foreign currency deposits from the London money and inter-bank markets and from other sources, primarily corporations, and issues certificates of deposit. At 31st December, 1985 deposits with the Bank amounted to some £2.2 billion, of which about 50 per cent. was denominated in foreign currencies. The division trades in sterling and US dollar certificates of deposit, gilt-edged securities, bankers' acceptances and local authority bonds.

The division enters into traded futures contracts and deals in off-balance sheet instruments, namely currency and interest rate options, short-term interest rate swaps and forward rate agreements. These markets and instruments are used both for trading purposes and for hedging the Bank's exposures created as part of the increasingly sophisticated financial services provided by other divisions to their clients.

The Bank's Treasury division consults with the treasury operations of overseas subsidiaries in relation to funding and trading policies. The division's personnel have frequent contact with the Group's team of economists, who analyse developments in the world's economics and financial markets.

International division

The International division has four main departments:

- Export credits and related commercial banking
- Southern Europe
- Energy and Project Advisory
- International Public Sector

The division's expertise in these areas is often combined with and complemented by the knowledge and experience of local operating conditions contributed by the Bank's overseas subsidiaries and representative offices. As well as playing a part in the execution of transactions, the overseas subsidiaries and offices assist the division in seeking new business.

The Bank has traditionally played a leading role in financing UK exports of capital goods and services through the Export Credit Guarantee Department. A substantial majority of loans handled by the division involve advances guaranteed by ECED or similar agencies in other

countries but sometimes direct exposures are taken, mostly in relation to export credit transactions. Morgan Grenfell has recently introduced the re-funding of guaranteed export credits through the international capital markets.

The Bank has recently set up broking operations in forfaiting and asset based finance and has expanded its role as an adviser on trade finance, in particular to trade debtors and creditors on the problems facing a number of countries. In addition, the division's experience in Middle Eastern countries has led to an increase in the number of assignments to advise overseas based contractors working on projects in those countries.

The Southern Europe department's activities in Italy, Spain, Portugal and Greece comprise arranging export finance and other banking facilities. In addition, the department works on transactions with the Corporate Finance division and the Group's presence in Southern Europe should allow advantage to be taken of the increased corporate finance activity which is expected to arise in those countries as their domestic securities markets become more sophisticated.

The Energy and Project Advisory department advises on the financing of capital projects and on acquisitions and disposals in energy related and other resource based industries. Activities in the UK have concentrated on services for the oil industry. The department has also participated in private sector proposals for government initiated projects, notably the cross-channel link. Internationally, the department's activities have included advice on the financing of a major participant's share in the North West Shelf gas project in Australia and it is currently advising a number of governments or governmental agencies on matters relating to resource industries.

The International Public Sector department provides advice for international agencies, governments, state enterprises and governmental agencies on external debt and fund raising strategies and other financial planning matters. In 1985, the department advised governments or central banks in 15 countries.

Loans and advances (including loans guaranteed by H.M. Government) for which the division is responsible totalled over £720 million (sterling equivalent) at 31st December, 1985.

Morgan Grenfell Laurie

Morgan Grenfell Laurie was formed in September 1985 by the merger of Morgan Grenfell Property Services Limited with the commercial surveyors and estate agents, Michael Laurie & Partners Limited. The Group currently owns 53.5 per cent. of Morgan Grenfell Laurie and has options to acquire the balance over a period of years. The business operates from offices in London and New York and its services include property asset management and advising property unit trusts as well as advice on the valuation, sale, letting and acquisition of commercial properties for occupation, investment or development.

Morgan Grenfell Asset Management Limited

Investment management represents a major activity of the Group. A discretionary management and advisory service covering all the world's leading securities markets is provided to over 300 UK and overseas institutional clients and to private investors.

Investment management services, which are the responsibility of MG Asset Management, are now provided through the following specialist operating subsidiaries:

- Morgan Grenfell Investment Management Limited undertakes the management of funds in the UK domestic securities markets for UK pension schemes, charities and private clients
- Morgan Grenfell International Funds Management Limited ("MGIFM") handles investment management in international securities markets for UK and overseas clients, including investment advice to Target Group PLC ("Target")
- Morgan Grenfell Investment Services Limited ("MGIS") is registered as an investment adviser with the US Securities and Exchange Commission and specialises in the management of international assets mainly for North American pension funds

Two overseas subsidiaries were established in 1985:

- Morgan Grenfell Capital Management Inc. intends to provide fund management services in US markets for US institutional clients
- Morgan Grenfell International Asset Management Co. Limited has commenced business in Tokyo as an investment adviser to Japanese and other clients investing in Japanese assets

Details of funds under discretionary management, together with the funds attributable to the investment advisory contracts with the Target group, are set out below:

	At 31st December					
	1981	1982	1983	1984	1985	March 1986
	£ million	£ million	£ million	£ million	£ million	£ million
UK pension funds	1,529	2,176	2,966	3,256	3,559	5,330
Charities, UK private clients and miscellaneous	251	272	299	372	428	451
MGIFM (excluding Target funds and other unit trusts and investment trusts)	1,228	1,996	2,652	3,208	3,977	3,867
Target funds and other unit trusts and investment trusts	—	—	261	659	817	1,069
MGIS	112	246	630	1,095	1,519	1,897
Total	3,120	4,690	6,808	8,590	9,920	12,614

*Includes £1,047 million of funds managed by Pender & Boyle, the business of which was acquired by the Group in April 1986. In some cases these funds are managed jointly and the pro rata share of the relevant gross amounts has been included.

Funds invested in non-sterling denominated assets have been translated into sterling at market rates ruling at the dates shown.

The increase in funds under management is attributable to a number of factors, including rises in world stockmarkets and appreciation of certain currencies against sterling, in addition to funds received from new and existing clients net of funds withdrawn. Funds under management were increased in April 1986 by pension funds managed by Pender & Boyle, which are included in the table above. As well as pension funds, captive insurance companies, UK and overseas corporations and private investors, clients include governments and governmental agencies, one of which has had funds managed by the Group for longer than the period covered by the table and accounts for a significant amount of the total funds under management.

The Group has an established position in the management of UK pension funds and has successfully expanded the international element of its investment management activities. A recent independent survey ranked MGIS as the largest non-US manager of US pension plan assets invested outside the US. MGIFM has a significant position in fixed income management for captive insurance companies.

The Group is involved in the UK personal savings market through its association with Target, which is one of the larger unit linked life assurance companies in the UK and which specialises in marketing a variety of personal savings and pension plans. In addition to an equity interest of 19.9 per cent. in Target, the Group has since May 1984 had investment advisory contracts in relation to the Target life funds and authorised unit trusts bearing the Target name. These contracts are for an initial period of five years.

The Group manages two listed investment trusts, Anglo-American Securities Corporation PLC and North Atlantic Securities Corporation PLC, under contracts terminable on 12 months' notice. The Group's other investment management contracts are generally open-ended but terminable on 30 days' notice or less.

The Group's investment management revenues arise principally from fees based on the value of funds under management. The Group often deals on an aggregate basis for more than one client and retains the benefit of lower transaction charges (including commission rates) in overseas and UK stockmarkets than would have applied had it dealt separately for each client; this benefit is now relatively small in respect of UK stockmarket transactions and is being replaced in many cases by proposed new fee scales. The Directors do not expect that the forthcoming abolition of fixed commission scales in the UK stockmarket will have a material effect on investment management revenues.

The expenses directly attributable to investment management activities in the current year are expected to be considerably higher than in 1985, reflecting the recent move to new premises and investment required as a basis for future growth. This involves an increase in staff costs, investment in new ventures overseas and in upgraded computer systems.

Pension fund management remains the core of the investment management activities for UK clients. In recent years the Group has developed its involvement in the personal savings market through its association with Target and it is intended to pursue this new area of business in future. The Directors see considerable opportunity for the continued expansion of the international fund management activities of MGIFM and MGIS. New European, Middle Eastern and Australian institutional clients have been gained during the past two years for the management of internationally diversified portfolios. Diversification by North American pension funds into international markets is expected to increase and US public sector superannuation funds, which are less advanced in their diversification than the private sector, represent a major target for MGIS. The development of the new fund management ventures in the US and Japan is also a priority.

Morgan Grenfell Securities Holdings Limited

MG Securities has been established as the holding company for the Group's UK based operations in the securities markets. Changes in the rules of The Stock Exchange, which now permit direct access to the market by outside corporate members and which are expected to allow dual capacity trading from 27th October, 1986, present Morgan Grenfell with the opportunity to enhance its position as a financial services group by building an integrated securities trading and distribution capability. Its objective is to provide a full securities service to its clients, offering research, sales, order execution and settlement capability as a broker/dealer, and to act as a market maker. It will also distribute new issues of securities on behalf of the Bank. Development of these operations requires substantial investment in personnel, premises and

computer systems as well as commitment of capital to enable the MG Securities Group to execute business as a market maker and a broker/dealer.

It is intended that the UK based securities operations should form part of a network, comprising a number of the Group's overseas subsidiaries. In New York, Morgan Grenfell Inc. has been admitted as a member of the New York Stock Exchange and the National Association of Securities Dealers Inc., and in Tokyo discussions are being held with the Japanese Ministry of Finance with a view to making a formal application for a branch securities licence. The Directors believe that there is considerable scope for the development of the Group's securities business in both these major financial centres.

The securities business is being built both by acquisition and by recruitment of experienced personnel. In March and April 1985 agreements were entered into with the partnerships Pender & Boyle and Pinchin, Denny & Co. ("Pinchin Denny") under which the Company became a limited partner in each business and was granted options for the acquisition. These acquisitions were completed in April 1986. Extensive planning has been undertaken to create the business structure which will become fully operational when permitted by The Stock Exchange later this year.

The Board of MG Securities is made up from senior representatives of Pinchin Denny, Pender & Boyle and Morgan Grenfell, together with experienced personnel who have been recruited. These personnel include Alistair Buchanan, previously Chairman of Cater Allen Holdings PLC, Geoffrey Collier, previously President of Vickers da Costa Securities Inc., and John Holmes, previously President of Hoare Gossett Inc. MG Securities now employs over 350 people, including 43 in securities sales, 45 in research, 95 in market making and 104 in settlement and accounts.

The Group is developing and modifying existing computer systems, including the trading system of Pinchin Denny, in order to meet the requirements of the new market environment. These developments include a new computer based network that is being designed to distribute information and other services to market makers and sales and research staff. The Group's systems development department, which now includes staff formerly employed by Pinchin Denny, is planning and implementing these systems.

The Group's present securities business consists of stockbroking and jobbing in single capacity in UK equities and debt securities on The Stock Exchange as well as dual capacity trading in bonds and overseas equities. When fully operational, the MG Securities group will offer clients a service through subsidiaries operating in the following areas:

UK and international equities

Morgan Grenfell Securities Limited ("MGS") will conduct broking and market making activities in UK equities when permitted by The Stock Exchange. MGS currently has research analysts covering each of the building, engineering, breweries, retailing, health and household, oils, banking and insurance, property and investment trust sectors and intends to expand the coverage into other sectors over the next few months. In addition to acting as a broker/dealer, MGS intends to register as a market maker in several hundred UK equities, listing its activities on the experience and systems contributed by Pinchin Denny. MGS also aims to become a corporate broker and has already distributed securities and arranged sub-underwriting for issues sponsored or underwritten by the Bank.

Morgan Grenfell Securities International Limited ("MGSI") started business in December 1985 in succession to Pinchin Denny's international dealership. Additional staff experienced in sales and research were recruited and MGSI now provides a dual capacity service in a number of overseas equities listed on Continental European or Far Eastern stock exchanges. MGSI is providing useful experience in dual capacity trading ahead of the changes which will take place in the UK securities markets.

UK and international debt securities

Morgan Grenfell Government Securities Limited ("MGGS") is a member of The Stock Exchange and currently trades under the name of Pender & Boyle as a broker in gilt-edged and other sterling debt securities. The Bank of England has indicated that it is willing in principle to deal with MGGS as a gilt-edged market maker in the future structure of the gilt-edged market. MGGS will trade in dual capacity when permitted by The Stock Exchange, integrating the relevant market making operations of Pinchin Denny with the institutional sales expertise of Pender & Boyle.

The International Capital Markets Sales and Trading department makes markets in eurosterling bonds and sterling and US dollar floating rate notes. It also trades in other foreign currency bonds, including eurobonds and convertibles, and warrants. The department's sales team sells international debt securities to investor clients in the UK, Continental Europe and elsewhere and plays an important role in the distribution of new issues of debt securities underwritten by the Bank.

Financial futures

Morgan Grenfell Financial Futures Limited is a broker in the financial futures markets, holds two seats on the London International Financial Futures Exchange and is an individual clearing member of the International Commodity Clearing House.

Overseas operations

Morgan Grenfell has an international network of overseas subsidiaries and representative offices, comprising subsidiaries in nine overseas countries as well as in the Channel Islands and Cayman Islands, and representative offices in a further thirteen countries. The overseas subsidiaries have grown substantially over the past five years and at 31st May, 1986 employed a total of 409 personnel.

Australia and New Zealand

Morgan Grenfell Australia provides a range of merchant banking services, comprising capital market operations, investment management and project finance advice and has established a leading presence in the Australian domestic corporate finance sector. It has offices in Sydney, Melbourne, Adelaide and Perth. It has recently acquired a 50 per cent. interest in Hordern Utz & Bode, stockbrokers based in Sydney and a 50 per cent. interest in Barnes, Tolhurst and Milner, a firm of Adelaide stockbrokers.

Morgan Grenfell New Zealand commenced operations in April 1986 and will concentrate initially on corporate finance and project advisory services.

Continental Europe

Morgan Grenfell has subsidiaries in Geneva, Paris and Milan. Banque Morgan Grenfell en Suisse is a bank and mainly provides investment management, trustee and private banking services; Morgan Grenfell (Switzerland) is a finance house involved in the Swiss franc primary markets and in trading in Swiss franc bonds and notes. Morgan Grenfell France is involved primarily in advising on mergers and acquisitions, whilst Morgan Grenfell Italia is a leader in providing financial advice to exporters of Italian capital goods. The Group also has representative offices in Frankfurt, Athens and Madrid.

Far East

Morgan Grenfell has subsidiaries in Singapore and Hong Kong and a representative office and an investment advisory company in Tokyo. Morgan Grenfell (Asia) in Singapore, as well as having an established banking and corporate finance business, arranges export and project finance and has a growing treasury operation. Morgan Grenfell (Hong Kong) was established in 1984 and is involved in corporate finance, project finance and company management and nominee services.

In Japan, the Bank established a representative office in 1981 and has been developing a wide range of contacts with Japanese commercial and financial institutions. These contacts in Japan have assisted the Bank in London and other Group subsidiaries in obtaining capital markets business with major Japanese corporations. In addition, Group companies have established a significant level of project finance advisory work for Japanese companies. A subsidiary was established in late 1985 to provide investment advice to Japanese clients.

United States of America

Morgan Grenfell Inc. provides investment banking services. In addition to advising on corporate finance transactions it fulfils an important role in co-ordinating transactions with the Corporate Finance division in London. Its other operations include arranging asset based financing and a successful risk-arbitrage department. An experienced swaps team has recently been recruited. In April 1985 Morgan Grenfell Inc. was admitted as a member firm by the New York Stock Exchange. Morgan Grenfell Capital Management Inc. was established in 1985 with the objective of providing fund management services in US markets for US institutional clients.

Channel Islands and Cayman Islands

Morgan Grenfell (Jersey) and Morgan Grenfell (Guernsey) provide banking facilities in sterling and foreign currencies to personal and corporate customers and also provide company secretarial, accounting, trustee, nominee and other management services. They have investment management operations which are closely linked to those in London. The Channel Islands subsidiaries were established in 1972, since when they have grown materially in size. Aggregate balance sheet totals of these subsidiaries have increased from £194 million at 31st December, 1981 to £615 million at 31st December, 1985. Morgan Grenfell (Cayman) was incorporated in 1983 to offer services similar to those provided by the Channel Islands operations, with which it works in close conjunction.

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MORGAN GRENFELL GROUP PLC

Directors, senior management and employees

Group management

The Board of the Company has ultimate responsibility for the Group's affairs including strategic development of its business, major financial decisions including investment and divestment and the appointment of key personnel. The Group Chief Executive is responsible for the day to day management of the Group and for the co-ordination of its operations.

Directors of the Company

The Directors of the Company and their responsibilities within the Group are set out below:

Stephen Gordon Catto, Baron Catto of Cairacatto, aged 63, is Chairman. He has spent substantially the whole of his working life with Morgan Grenfell; he became a Director of the Bank in 1957, its Chairman in 1974 and succeeded J. E. H. Collins as Chairman of the Company in 1980. He is also Chairman of Yule Catto & Co. plc and of the United Kingdom branch of the Australian Mutual Provident Society and is a Director of The General Electric Company, p.l.c. and The News Corporation Limited.

Christopher Reginald Reeves, aged 50, is Deputy Chairman and Group Chief Executive; he is also Joint Chairman of the Bank. Having joined the Group in 1968 he became a Director of the Bank in 1970, head of its Banking division in 1972, Deputy Chairman and Deputy Chief Executive of the Bank in 1975 and Group Chief Executive in January 1980. He is a Director of BICC plc and Deputy Chairman of the London Board of Westpac Banking Corporation.

Sir Peter Carey, G.C.B., aged 62, was appointed to the Board in 1983 following his retirement as Permanent Secretary in the Department of Industry, a position he had held for the previous 10 years. He is involved in the development of client and government relations in the UK and overseas. He is Chairman of Dalgely PLC, a Director of Cable & Wireless PLC, BPB Industries PLC and Westland PLC and a member of the supervisory board of Philips NV.

Sir Kenneth Durham, aged 61, is a non-executive Director. He was appointed to the Board in January 1986 and retired as Chairman of Unilever PLC in May 1986. He is Chairman of Woolworth Holdings plc and a Director of British Aerospace plc and Delta Holdings PLC.

Blaise Noel Anthony Hartman, aged 46, is Chairman of MG Securities. He joined the Group in 1962, became a Director of the Bank in 1972, head of the Banking division in 1976 and head of the Treasury division in 1979. He assumed responsibility for the development of the Group's securities business in 1984. He is a Director of Matthew Clark and Sons (Holdings) PLC.

George Llewellyn Law, aged 56, is Group Compliance Director. Prior to joining the Bank as a Director in 1968 he was a partner in Slaughter and May. He was head of the Bank's Corporate Finance division from 1975 to 1979 and subsequently worked in Group central management. He is a Director of Blackwood Hodge p.l.c. and Baker Perkins PLC and a member of the Law Society's Standing Committee on Company Law.

George Maitland Nissen, aged 56, was formerly senior partner of Pender & Boyle and became a Director of the Company in 1984. He is deputy Group compliance officer. He is a member of the Council of The Stock Exchange and Chairman of the recently constituted Gilt-Edged Market Makers' Association.

David Vereker Palmer, aged 59, became a non-executive Director of the Company in 1982. He is Chairman and Chief Executive of Willis Faber p.l.c.

Raymond William Pennock, Baron Pennock of Norton in the County of Cleveland, aged 66, joined the Board in 1984 having been Chairman of BICC plc and, before that, a Deputy Chairman of Imperial Chemical Industries PLC. He is involved in the development of client and government relations in the UK and overseas. He is Chairman of the Channel Tunnel Group Limited, a Deputy Chairman of The Plessey Company plc and a Director of Standard Chartered PLC and Willis Faber p.l.c.

Charles Frederick Melville Rawlinson, F.C.A., F.C.T., aged 52, is Joint Chairman of the Bank. He joined the Corporate Finance division in 1962 and became a Director of the Bank in 1970; from 1974 to 1985 he was responsible for Group finance and became Joint Deputy Chairman of the Bank in 1983 and its Joint Chairman in 1985. He is Chairman of Associated Paper Industries plc and a Director of Willis Faber p.l.c. Since 1984 he has been Chairman of the Hundred Group of Chartered Accountants.

Sir John Sparrow, F.C.A., aged 53, is Chairman of MG Asset Management. He joined the Group in 1964 and became a Director of the Bank in 1970. Prior to assuming responsibility for the Group's investment management business he had been head of the Corporate Finance and investment divisions and subsequently worked in Group central management. He was head of the Central Policy Review Staff from 1982 to 1983 and is Deputy Chairman of Short Brothers PLC and a Director of Coaltex Group PLC.

Graham Robert Walsh, F.C.A., aged 46, is head of the Corporate Finance division of the Bank which he joined as a Director in 1973. From 1979 to 1981 he was Director General of the Panel on Take-overs and Mergers and is currently Chairman of the Issuing Houses Association. He is a Director of Ward White Group plc.

Christopher Mark John Whittington, F.C.A., aged 47, is Group Director, Overseas Companies. He joined the Group in 1968 and became a Director of the Bank in 1973. In 1979 he became head of the International Banking division. In 1984 he assumed responsibility for the development of the Group's business in the United States of America and in 1985 overall responsibility for the Group's overseas subsidiaries (other than the Channel Islands and Cayman Islands).

Other senior management with Group responsibilities

Certain other senior officers within the Group have responsibilities for Group functions as follows:

David John Ewart, F.C.A., aged 50, is responsible for Group finance and is finance director of the Bank. He joined the Bank as a Director in the Corporate Finance division in 1982 having formerly been Deputy Chairman of Guinness Mahon & Co. Limited; he was appointed to his present position in 1985. He is Chairman of RHP Group plc and a Director of Majestic Investments PLC.

David Chaloner Keys, aged 52, is responsible for Group credit policy and is Chairman of the Group credit and audit committees. He is also Chairman of the Group's subsidiaries in Jersey, Guernsey and the Cayman Islands. He joined the Group from the Bank of England in 1971, became a Director of the Bank in 1973 and was head of its Domestic Banking division from 1979 to 1985. He is a Director of Target Group PLC and of HFC Trust and Savings Limited.

George Sinclair Miller, F.C.M.A., aged 49, is responsible for Group personnel and planning. He joined the Group in 1972 and in 1974 became a Director of the Bank in the International Banking division where he worked until 1985 when he assumed his present responsibilities.

International Advisory Council

The following are members of the Group's International Advisory Council:

- Lord Catto**, Chairman, Morgan Grenfell Group plc.
 - D. V. Bendall**, C.M.G., M.B.E., former Chairman, Morgan Grenfell International Limited, Chairman, Banque Morgan Grenfell en Suisse S.A.
 - A. V. Casey**, United States Postmaster General, former Chairman of the Board and Chief Executive Officer, American Airlines Inc.
 - J. E. H. Collins**, M.B.E., D.S.C., former Chairman, Morgan Grenfell Group plc, Chairman, Guardian Royal Exchange Assurance plc.
 - A. Hay**, Director, Banque Morgan Grenfell en Suisse S.A., President of the International Committee of the Red Cross and former Director General and Deputy Chairman of the Swiss National Bank.
 - J. Kraaijeveld** van Hemert, President of the Executive Board of the Royal Bosalis Westminster Group N.V.
 - A. Jeancourt-Galignani**, President and Chief Executive Officer, Banque Indosuez.
 - Hon. P. Loughheed**, Senior Partner, Bennett Jones, Calgary, former Premier of the Province of Alberta.
 - S. Miyake**, Chairman, The Tokai Bank, Limited.
 - Lord O'Brien** of Lothbury, P.C., G.B.E., former Governor of the Bank of England.
 - K. W. Stead**, A.C., O.B.E., Chairman, Morgan Grenfell Australia Limited, former Director and General Manager, Australian Mutual Provident Society.
 - Lord Taylor of Gryffe**, D.L., former Chairman, Morgan Grenfell (Scotland) Limited.
- Management of principal subsidiaries**
- Morgan Grenfell & Co. Limited**
- Joint Chairman: C. R. Reeves (Group Chief Executive) C. F. M. Rawlinson*
- Corporate Finance division**
- | | | |
|------------------|-----------------------|-----------------|
| G. R. Walsh* | P. I. Epenhain | R. H. K. Seelig |
| S. T. Badger | P. W. Evans | R. N. Slingsby |
| P. H. G. Cadbury | J. N. Garrow | R. M. L. Webb |
| J. Q. Davies | G. M. Magan | D. W. Wells |
| G. N. Dawson | A. E. Richmond-Watson | R. H. Westcott |
- Banking and Capital Markets division**
- | | | |
|-----------------|----------------|----------------------|
| J. P. L. Perry* | J. A. Franklin | J. B. Rawlings |
| A. G. Catto | N. H. Gold | J. W. van der Velden |
| J. H. Forsyth | G. A. F. Edder | |

International division

D. A. C. Douglas-Horne* A. F. Hobler D. Suratgar
G. C. Cefis P. J. McAfee J. S. S. Syrett
M. E. Hildesley

Treasury division

G. T. Muna* M. P. Knight P. Wing

Overseas department and companies

C. M. J. Whittington G. Dryden (Channel Islands) G. G. Hill (Sydney)
A. H. Dunn J. B. Fraser (New York) Hsueh Fu Hua (Singapore)
R. F. Binyon (Tokyo) K. R. Harris (New York) C. J. Knight (Hong Kong)

Morgan Grenfell Laurie

E. Bernard J. W. Lockhart P. J. Dawtry

Finance director: D. J. Ewart

Credit and audit: D.C. Keys*

Morgan Grenfell Asset Management Limited

Chairman: Sir John Sparrow* Managing director: J. H. L. Norton*
M. Bullock W. P. Dwerryhouse P. B. H. Polonicka
M. W. R. Dobson* M. J. Meyrick* A. M. Wheatley
M. P. Douglas R. P. Morris
N. R. Dunford G. A. Owen

Morgan Grenfell Securities Holdings Limited

Chairman: B. N. A. Hardman*
UK and international equities
J. R. Holmes* A. A. J. Bartlett B. D. Postan
G. W. Collier*

Gilt-edged and other debt securities (including Pender & Boyle)

A. J. Buchanan* J. F. T. Dundas* J. J. H. Wornell

Pinchin Demy & Co.

V. A. L. Powell M. Nickerson L. Perry

R. J. A. Keeble

Corporate finance: E. K. Ford (with effect from 1st September, 1986)

Finance director: E. A. Bradman

* Members of the management committee of the respective subsidiaries

Group functions

The senior executives with responsibilities for Group functions, each of whom is a director of Morgan Grenfell & Co. Limited, are as follows:

Compliance: G. L. Law Personnel and planning: G. S. Miller
Finance: D. J. Ewart Management services and systems: R. M. J. Taylor
Credit and audit: D. C. Keys

Employees

The Group currently employs over 2,000 people of whom over 400 are based overseas. The following table shows the number of employees at 31st May, 1986:

Morgan Grenfell & Co. Limited	120
Corporate Finance	129
Banking and Capital Markets	34
Treasury	131
International	122
Morgan Grenfell Laurie	
MG Asset Management	251
MG Securities	353
Financial administration for the Group	98
Central services	
Group secretariat, legal and tax departments	25
Management services division	173
Systems division	146
Personnel department	30
Other central management departments*	59
Overseas	
Australia and New Zealand	89
Switzerland	36
Singapore	55
USA	71
Channel Islands and Cayman Islands	105
Others	53
London based	9
Total	2,089

* Other central management departments include corporate affairs, economists, financial analysis, credit control and internal audit.

The Board attaches much importance to the motivation of employees and is concerned to ensure that the structure and procedures of the Group encourage full development of individual talents and provide adequate opportunity for career development. Remuneration, incentive arrangements and performance-related bonuses are intended to reflect conditions prevailing in the various markets in which the Group operates and to be flexible in responding to changes in those markets.

The Directors believe that employee share schemes are an effective means of promoting employees' involvement in the performance of the Group. All full-time employees with more than five years' service obtain an equity participation in the Company by receiving an allocation of shares under the Morgan Grenfell Share Participation Scheme, which was introduced in 1980. Senior staff are granted options under the 1984 Share Option Scheme, a scheme approved under the Finance Act 1984. Options have been granted under that Scheme and the 1974 Share Option Scheme to over 400 employees. The Group has recently introduced parallel share participation and share option schemes for overseas employees. The employee share schemes are subject to certain limits which are summarised in paragraph 3 of "Further information" below.

More than 650 employees are shareholders in the Company. Before the Offer, 9.5 per cent. in aggregate of the equity share capital was owned by staff, Directors and their families, including two per cent. held under the Share Participation Scheme. Arrangements have been made whereby up to ten per cent. of the shares now being offered will be reserved in the first instance for applications from full-time employees of the Group.

The Group operates two non-contributory pension schemes for UK employees, the Morgan Grenfell Staff Pension Scheme and the Morgan Grenfell Senior Group Pension Scheme, which cover approximately 1,500 and 65 employees respectively. The Directors consider that the schemes are each adequately funded. Pension arrangements for overseas nationals are made by their employing companies, taking account of local employment conditions and regulatory requirements.

Group financial record

Profit and loss account

The adjusted results of the Group for the five years ended 31st December, 1985, which have been extracted from the Accountants' Report and are compiled on the bases set out in that Report, are summarised below. In particular, the Group's results have been adjusted on the basis that the transfers to undisclosed reserves, which have hitherto been made in the Group's audited accounts, had not been made. In future the Group will not make transfers to undisclosed reserves.

	Years ended 31st December					
	1981	1982	1983	1984	1985	
Profit before taxation	£ million	20.2	26.6	33.8	46.4	68.9
Taxation	£ million	8.1	9.2	13.6	22.0	27.4
Profit attributable to ordinary shareholders						
After preference dividends but before extraordinary items	£ million	11.2	16.0	18.8	23.0	40.1
Earnings per ordinary share	p	13.7	19.0	22.3	25.2	36.0

Over the period the Group's profit before taxation and earnings per share have grown at compound annual rates of 36 per cent. and 27 per cent. respectively. Earnings per share growth from year to year has been affected by a varying tax charge and by issues of ordinary shares.

The Group has established a leading position as a UK corporate finance adviser and has benefited from a large market share during a period in which there has been a high level of take-over and merger activity and companies have raised large amounts of new equity capital. Corporate finance activities have made the largest contribution to the growth in profits.

Investment management has made an important contribution to growth in profits, reflecting the increase in value of funds under management. Banking activities have also increased their aggregate profits over the period.

The Directors are of the view that it is impracticable to calculate the exact profit contribution of each of the Group's activities owing to the interdependence and varying uses of capital and other resources from time to time of certain of those activities. The changing balance of the Group's revenues is illustrated in the following table which shows the percentage contribution to total revenues of various activities of the Group.

	Years ended 31st December				
	1981	1982	1983	1984	1985
Banking, including interest on free capital	69	68	56	52	44
Corporate finance	14	15	20	24	32
Investment management	16	16	21	21	21
Other revenues	1	1	3	3	3
	100	100	100	100	100

Revenues comprise interest received (net of interest payable), net fees and commissions, and other income. The contribution to total revenues is based on management accounts and is stated before expenses and provisions. Revenues from overseas subsidiaries have been allocated to the appropriate activities in the table. "Banking" includes the activities of the Banking and Capital Markets divisions (except secondary trading) and the Treasury and International divisions of the Bank. "Other revenues" includes the contribution from secondary market trading and other securities trading. No contribution from Pinchin Demy and Pender & Boyle is included in the table; these businesses were not wholly-owned by the Group until April 1986.

Whereas total revenues have grown at broadly the same rate as total expenses over the period, in the past two years in particular the percentage growth in revenues from corporate finance activities has exceeded the percentage growth in expenses directly attributable to those activities.

Overseas subsidiaries (including a significant contribution from the Channel Islands) contributed 18 per cent. of total revenues for the year ended 31st December, 1985 but a lower proportion of profits. These subsidiaries have increased their aggregate profits over each of the past five years.

An extraordinary charge of £10.6 million was made in 1984 in respect of the Group's leasing portfolio as a result of reductions in rental income triggered by the progressive reductions in the rates of corporation tax introduced in the Finance Act 1984. This legislation also necessitated an additional extraordinary charge in 1984 of £1.7 million related to adjustments in respect of deferred tax relief on certain loan loss provisions.

Balance sheet

Total shareholders' funds (including previously undisclosed reserves) have increased from £88 million at 31st December, 1981 to £239 million at 31st December, 1985; the retention of earnings from the Group's strong profit performance contributed half of this increase. Cash injections through new equity capital in 1984 and 1985 totalled £59 million; the capital base of the Group has also been increased by the raising of loan capital.

The Group's balance sheet totals increased by 89 per cent. between 31st December, 1981 and 31st December, 1985 to approximately £4,000 million. Underlying growth in assets between 1984 and 1985 is not reflected in increased balance sheet totals as a consequence of the appreciation of sterling over that period and the resulting reduction in the sterling equivalent value of foreign currency assets.

The Group's assets are funded largely by taking deposits from the London money and inter-bank markets and by taking other short-term deposits from corporations. At 31st December, 1985 Group liquid assets (represented by balance sheet headings down to and including "Money at short notice") amounted to some 39 per cent. of Group current and deposit accounts. Loans guaranteed by H.M. Government amounted to 35 per cent. of risk assets (represented by total loans and advances, other than loans to banks, net investment in finance leases and liability of customers for acceptances) and accounted for the greater part of the growth of those risk assets from 1981 to 1985.

The following table shows the geographical exposure of total assets, net of all provisions, at 31st December, 1985:

	Per cent. of balance sheet totals
UK	58.8
Japan	15.5
Western Europe (other than UK)	12.6
North America	5.4
Far East (other than Japan)	2.7
Australasia	2.4
Latin America	1.1
Other	1.5
	100

Total exposure in countries experiencing payment difficulties (most of which is sovereign risk) amounted to £51 million net of provisions at 31st December, 1985, representing approximately 1.3 per cent. of balance sheet totals. In addition to specific provisions against identified bad and doubtful debts, general provisions are made in respect of the Group's banking portfolio.

Following the acquisition of the whole of the business of Pinchin Demy earlier this year, there has been a very substantial increase in assets and liabilities associated with securities trading. In addition, balance sheet totals of the Bank have increased since the year end.

Profit forecast and prospects

The Directors forecast that, in the absence of unforeseen circumstances, profit before taxation for the six months ending 30th June, 1986 will be not less than £48 million. This level of profits reflects a very high contribution from corporate finance activities and a good performance overall from the other activities of the Group.

On the basis of this profit forecast and assuming a tax charge for the six months to 30th June, 1986 of 36 per cent., earnings per ordinary share will amount to not less than 25.4p on the adjusted weighted average number of ordinary shares in issue during the period before dilution for share options and convertible securities in the Company. Earnings per ordinary share on a fully diluted basis would be not less than 23.9p. This forecast takes no account of the issue of ordinary shares pursuant to the Offer.

The Group's involvement in two very large take-over offers in the UK has been an important factor in the level of profits forecast for the first half of the year. It cannot be assumed that corporate finance transactions of similar value will arise in the second half. It is also too early to predict the effect of forthcoming changes in UK securities markets on the results of the Group in the final two months of the financial year. However, the Directors have confidence in the outcome for 1986 as a whole.

The bases and assumptions underlying the forecast, together with letters from Peat, Marwick, Mitchell & Co. and Spicer & Pegler and from Cazenove & Co. relating to the forecast, are set out in "Information relating to the profit forecast" below.

The results for the six months ending 30th June, 1986 are expected to be published before the end of October 1986 and will be audited.

Dividends

The Directors consider that, had the Company's ordinary share capital been listed during the financial year ended 31st December, 1985, they would have recommended the payment of total dividends of 8.5p per ordinary share (adjusted for the Capitalisation Issue) in respect of that financial year. This notional dividend would represent at current income tax rates an historic gross dividend yield of 2.8 per cent. at the minimum tender price.

The Directors intend in respect of the year ending 31st December, 1986 and in future years to pay interim dividends in November and final dividends in May in the approximate proportions one third and two thirds. The new ordinary shares now being offered will rank for the interim dividend in respect of the year ending 31st December, 1986.

Business environment and regulation

Business environment

There are a number of critical factors in the business environment in which Morgan Grenfell operates and in the nature of its business which are relevant to its future prospects.

The performance of stockmarkets has a direct impact on the Group's corporate finance, investment management and securities trading activities. Corporate finance business depends not only on the ability of the Group to maintain its share of the market, but on the general level of activity, particularly in take-overs and mergers, and on the size of the transactions undertaken by clients. Investment management income is related to the value of funds under management and therefore would be adversely affected by a fall in stockmarkets. In securities trading, which involves taking risks as principal, the results are sensitive to the volume of business undertaken and movements in stockmarkets.

The forthcoming changes in the UK securities industry, notably the introduction of dual capacity trading and negotiated commissions, will have a profound impact on the Group. The Group's decision to develop a securities trading and distribution business involves the commitment of substantial permanent capital, increasing operating expenses and the adoption of

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new trading techniques, controls and systems. Whilst it will take time fully to establish the Group's securities activities, the Directors believe that the broking and market making skills contributed to MG Securities by Pender & Boyle and Panchin Denny, together with the experience of personnel from within the Group and those who have recently been recruited, provide a sound foundation for the new securities business. The Directors expect that the securities business will be able to take advantage of the new opportunities available in the deregulated markets whilst operating within limits of risk appropriate for the Group as a whole.

Competition in all areas of the Group's operations is increasing. Morgan Grenfell competes in domestic and international markets with UK and overseas banks and securities houses, many of which have committed substantial resources in London and other major international financial centres. The trend towards more flexible and success-linked fees and commissions and more varied ways of raising capital is likely to continue, as is the trend towards more transaction-oriented relationships. The Directors believe that the large number of clients for whom the Group has transacted business and its record of flexibility and innovation demonstrate its ability to adjust to these trends.

Commercial and investment banking involves certain risks. These include credit and other counterparty risks which the Group controls by establishing and monitoring limits for the business undertaken. There are also risks incurred in underwriting securities.

The results of the Group will continue to depend on the contribution of key personnel at a time when job movement of senior employees in the City has become more common. In recent years very few of Morgan Grenfell's key executives have left the Group and the Directors will pursue employment policies intended to ensure a continuing high degree of stability.

Regulation

The businesses carried on by the Group are subject to increasing regulation, particularly in the UK where the regulatory bodies principally relevant to the Group's businesses are the Bank of England, the Department of Trade and Industry, The Stock Exchange and the Panel on Take-overs and Mergers. In particular, the Group's activities are subject to guidelines set down from time to time by the Bank of England as part of its prudential supervision of banking businesses.

In addition to changes in the applicable regulatory requirements associated with developments in the UK securities industry, the enactment of the present Financial Services Bill will alter the legal framework within which the Group's businesses are carried on in the UK. The form of the rules and regulations which will result from the Bill (when enacted) is not yet available, but on present indications the Directors do not anticipate that these will have a materially adverse effect on the businesses of the Group.

The Group has set up a compliance department, which is responsible for the establishment and maintenance in each of the operating subsidiaries of policies and procedures designed to ensure that their businesses are conducted in accordance with the relevant regulatory requirements and in the best interests of their respective clients and customers. The separation of the operating management of the banking, asset management and securities businesses is intended to ensure that each of those businesses will continue to serve the interests of its own clients, insulated from the influence of any competing or conflicting interests in other parts of the Group.

Reasons for the Offer

The Directors believe that an increase in the capital base of the Group is required to enable Morgan Grenfell to take advantage of opportunities for expanding its activities, including its securities operations. They have concluded that this public offering of new shares in the Company represents the most appropriate method of raising the necessary equity capital. The issue of the 32,000,000 new ordinary shares under the Offer will raise a minimum of £131 million (after expenses) and increase the Group's total net tangible assets on the pro-forma basis set out in the Accountants' Report to some £345 million. The Directors intend also to raise new loan capital for the Group following the Offer in order to increase further its capital base.

The Directors propose to increase the capital resources available to the Group's securities businesses by £100 million out of the proceeds of the Offer so as to bring the total invested to some £140 million before the end of 1987. The balance of the proceeds will be deployed in the Group's other investment and commercial banking businesses.

The Directors consider that there may be opportunities to enhance and diversify the Group's profit base by acquisitions in activities where the Group is represented and in other financial services. The existence of a market in the Company's ordinary shares should provide greater flexibility to take advantage of acquisition opportunities. However, no specific acquisitions are currently being considered.

The Group faces major challenges as a result of the forthcoming changes in the UK securities markets. The Group's enlarged capital base after the Offer as well as its record of responding to market changes and readiness to pursue new opportunities are important factors in the Directors' confidence that Morgan Grenfell will retain its position as a leading merchant banking group.

Information relating to the profit forecast

Notes and principal assumptions

The forecast of profit for the six months ending 30th June, 1986, as set out in "Profit forecast and prospects" above, has been made under the historical cost convention, and is based on unaudited management information for the five months ended 31st May, 1986 and a forecast for June 1986. The principal assumptions upon which the forecast is based are as follows:

- (a) that there will be no significant changes in world economic or in stockmarket conditions, in sterling or dollar interest rates or in the sterling/dollar exchange rate; and
- (b) that there will be no change in the ability of the Group's debtors and counterparties to meet their obligations, which is a change of sufficient materiality to require an increase in the level of provisions estimated to be appropriate as at 30th June, 1986.

Letters

The following are copies of letters relating to the profit forecast:

(a) From Spicer and Pegler and Peat, Marwick, Mitchell & Co.
The Directors,
Morgan Grenfell Group plc
20th June, 1986

Gentlemen,
 We have reviewed the accounting policies and calculations for the profit forecast of Morgan Grenfell Group plc ("the Company") and its subsidiaries (together "the Group") for the six months ending 30th June, 1986, as set out in the listing particulars relating to an offer of new ordinary shares in the Company dated 20th June, 1986 ("the Listing Particulars"), for which you as Directors of the Company are solely responsible. The profit forecast is based on unaudited management information for the five months ended 31st May, 1986 and a forecast for June 1986.

In our opinion the profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by you as Directors and set out in the Listing Particulars and is presented on a basis consistent with the accounting policies set out in the Accountants' Report included in the Listing Particulars, which are the accounting policies adopted by the Group.

Yours faithfully,
 Spicer and Pegler
 Chartered Accountants

Peat, Marwick, Mitchell & Co.
 Chartered Accountants

(b) From Cazenove & Co.
 The Directors,
 Morgan Grenfell Group plc
 20th June, 1986

Gentlemen,
 We refer to the profit forecast for the six months ending 30th June, 1986 set out in the listing particulars relating to an offer of new ordinary shares in Morgan Grenfell Group plc ("the Company") dated 20th June, 1986.

We have discussed the forecast and the bases and assumptions on which it is made with Directors of the Company and senior executives of the group and we have considered the letter dated 20th June, 1986 addressed to yourselves from Peat, Marwick, Mitchell & Co. and Spicer and Pegler regarding the accounting policies and calculations for the forecast.

As a result of these discussions and in the light of the letter from Peat, Marwick, Mitchell & Co. and Spicer and Pegler we consider that the profit forecast, for which you as Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
 Cazenove & Co.

Accountants' Report
The following is a copy of a report by the joint reporting accountants, Spicer and Pegler, Chartered Accountants, the address of the Company, and Peat, Marwick, Mitchell & Co., Chartered Accountants.

The Directors
Morgan Grenfell Group plc
21 Great Windmill Street
London EC2P 2AX

Spicer and Pegler
Fruer Court
65 Crutched Friars
London EC3N 3NP

and
Peat, Marwick, Mitchell & Co.
1 Fiddle Dock
Blackfriars
London EC4V 3PD

Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN

Gentlemen,
20th June, 1986

Introduction
1. We have examined the audited consolidated accounts of Morgan Grenfell Group plc ("the Company") (then Morgan Grenfell Holdings Limited) and its subsidiaries (together "the Group") for the five years ended 31st December, 1985.

2. Spicer and Pegler have been auditors of the Company and all of its UK subsidiaries and of Panchin, Denny & Co. throughout the period under review. The accounts of the overseas subsidiaries have been audited by various firms, including Peat, Marwick, Mitchell & Co. and associates of Spicer and Pegler. The accounts of Pender & Boyle have been audited by another firm.

3. The financial information set out below is based on the audited consolidated accounts of the Group, after making such adjustments as we consider appropriate. In particular, adjustments have been made to reverse the transfers to undisclosed reserves which were made by the Group in its audited consolidated accounts by virtue of the exemptions applicable to banking companies set out in Schedule 9 to the Companies Act 1985. At the same time as reversing these transfers to undisclosed reserves, general loan loss provisions have been made in accordance with the Group's accounting policies set out below. The consolidated balance sheets shown in section C do not contain undisclosed reserves. The financial information set out below is prepared having regard to the exemptions applicable to banking companies set out in the Companies Act 1985 except that transfers to undisclosed reserves have not been made.
4. Our work has been carried out in accordance with the Auditing Guidelines and the reporting accountant's account.
5. In our opinion, the financial information set out below, which has been prepared on the basis of the accounting policies described below, gives for the purpose of the listing particulars relating to the Company dated 20th June, 1986 a true and fair view of the profits and source and application of funds of the Group for each of the five years ended 31st December, 1981 to 31st December, 1985, and of the state of affairs of the Group at the end of each of those years.
6. No audited accounts for the Group have been made up in respect of any period subsequent to 31st December, 1985.

A. Accounting policies

(a) **Convention**
The financial information set out below has been prepared in accordance with the historical cost-convention, modified to incorporate the revaluation of certain freehold land and buildings at 31st December, 1971 and 31st December, 1984.

(b) **Base of consolidation**
The consolidated financial information includes the results of the Company and its subsidiaries. Management accounts have been used where accounting reference periods differ from that of the Company.

(c) **Goodwill**
Goodwill is written off against reserves at the time of purchase.

(d) **Foreign currencies**
Assets and liabilities in foreign currencies and the results of overseas subsidiaries are translated into sterling at market rates of exchange ruling at the balance sheet date. Forward foreign exchange contracts are valued at market rates applicable to their respective maturities at the balance sheet date, except in the case of those related to loans and deposits on which the gain or loss is accrued evenly over the life of the transaction.

Exchange differences arising on the translation of net assets of overseas subsidiaries are charged or credited to reserves. Other exchange differences are dealt with through the profit and loss account.

(e) **Recognition of fees, commissions, interest and investment income**
Fees are brought into account when work is completed and the fee is agreed. Commission income is recognised when it is unconditionally payable. Interest income and expense are accounted for on an accruals basis. Interest unpaid beyond the normal collection period is excluded from income until received. Investment income is recognised on the due date. The attributable results of partnerships are included on an accruals basis.

(f) **Provision for bad and doubtful debts**
Specific provisions against identified bad and doubtful debts are made on the basis of regular reviews of exposures, including reviews at each year end. General provisions are made in relation to losses which, although not specifically identified, may exist in the Group's banking portfolio.

(g) **Balances with bankers and money at call**
This comprises current accounts with bankers and loans to banks, discount houses, money brokers and local authorities, at call or maturing on the first business day of the next financial year.

(h) **Certificates of deposit, treasury bills and bills discounted**
Certificates of deposit are stated at market value except where it is intended that they should be held to maturity, when they are stated at cost plus accrued income. Treasury bills and bills discounted are included at face value less unearned discount.

(i) **Money at short notice**
This comprises loans to banks, discount houses, money brokers and local authorities, repayable in less than one month.

(j) **Other loans to banks and local authorities**
This comprises money market deposits with banks and loans to local authorities having a maturity of one month or over, some of which are due after more than one year.

(k) **British Government, trading and other securities**
Premiums and discounts on dated securities, bought with the intention of holding to maturity, are amortised on a straight line basis. Trading securities held for dealing purposes are valued at market value. All other securities, whether held for the short or long term, are valued individually at the lower of cost and market value or Directors' valuation in the case of unquoted holdings.

(l) **Net investment in finance leases**
The Group's net investment in finance leases held through its leasing subsidiaries and its interests in leasing partnerships are stated at the total rentals receivable, less finance charges allocated to future periods. Income is recognised by leasing subsidiaries over the primary period of a lease as follows:

- (i) an amount is allocated to each accounting period equal to the estimated cost of funding the net cash investment in the lease; and
- (ii) the balance is allocated over the primary period on an annuity basis.

In accordance with normal leasing industry practice, an adjustment is made to increase pre-tax leasing income to offset the rental concessions effectively made in order to pass to lessees the benefit of the progressive reductions in the rates of corporation tax introduced in the Finance Act 1984. A corresponding adjustment is made to the taxation charge.

(m) **Fixed assets**
Investments are normally stated at cost. The book value of individual fixed asset investments is reduced only when there has been a significant and, in the opinion of the Directors, permanent diminution in their value.

Freehold property is stated at cost or valuation and, in view of the Group's policy of continuous refurbishment, no depreciation is provided except on the cost of improvements which are written off in equal annual instalments over their estimated useful lives. If provision for depreciation on freehold buildings were made the results of the Group would not be materially affected.

Leasehold property is stated at cost less amortisation at rates designed to write off lease premiums over the periods until the next relevant rent review date. Leasehold improvements are written off over the period of their estimated useful lives or over the unexpired term of the lease if shorter.

Furniture and equipment is depreciated over periods varying between three and seven years as to write off the cost of each class of asset over its estimated useful life.

(n) **Associated companies**
An associated company is a company, not being a subsidiary, in which the Group has a significant interest in the equity capital and whose directors include representatives of the Group. The equity method of accounting has not been adopted for associated companies during the period covered by this report as the retained earnings of such companies do not significantly affect the profits or net assets of the Group.

(o) **Deferred taxation**
Deferred taxation is provided in respect of timing differences which arise principally between the taxation and accounting treatment of assets held for leasing in the Group's UK companies. The tax provided is that which is expected to become payable on these timing differences which are likely to reverse without being repaid.

Provision for the introduction of progressive reductions in capital allowances in the Finance Act 1984 only partial provision for deferred tax was considered necessary in accordance with this policy. Commencing in 1984, provision for the full potential liability on all timing differences has been made at the rates of corporation tax expected to be in force at the time of reversal. Note 10 to the balance sheet sets out the full potential liability for deferred tax at each year end since 31st December, 1981 and the amount provided in the accounts.

No provision is made for UK or foreign taxation that could arise should the retained profits of overseas subsidiary companies be distributed to the UK. Similarly, no provision is made for taxation that could arise on the disposal of the Group's properties at their realisable amounts, where sales are not anticipated.

(p) **Pensions**
The Group operates defined benefit, funded pension schemes covering the majority of its employees. Contributions are charged against profits as made. Actuarial valuations are carried out annually.

(q) **Swaps, financial futures and options**
Fees and amounts receivable and payable under swap contracts, together with gains and losses on the related hedging transactions are spread over the lives of the relevant contracts based on an assessment of the net terminal value of each contract at each balance sheet date.

Financial futures and options contracts, other than hedging contracts, are valued at market rates ruling at the balance sheet date and the gain or loss on these contracts is brought into the profit and loss account. The gain or loss on hedging contracts is brought into the profit and loss account over the period of the related transactions.

B. Consolidated profit and loss accounts

Notes	Years ended 31st December					
	1981	1982	1983	1984	1985	
	£'000	£'000	£'000	£'000	£'000	
Profit before taxation	1	20,241	26,586	31,792	46,395	68,945
Taxation	2	(8,997)	(9,246)	(13,620)	(22,023)	(27,420)
Profit after taxation		11,244	17,340	18,172	24,372	41,525
Preference dividends		(944)	(1,381)	(1,381)	(1,381)	(1,381)
Profit attributable to ordinary shareholders before extraordinary items		11,300	15,959	16,791	22,991	40,144
Extraordinary items	3	—	—	881	(12,121)	(219)
Profit attributable to ordinary shareholders		11,300	15,959	17,672	10,870	39,925
Dividends on ordinary shares	4	(11,760)	(12,209)	(12,794)	(19,959)	(46,886)
Retained profit		9,440	13,750	4,878	(9,089)	33,039
Earnings per ordinary share	5	15.7p	19.0p	22.3p	25.2p	36.0p

Notes to the profit and loss accounts
1. Profit before taxation as arrived at after charging:
Directors' emoluments 610 558 899 982 2,210
Auditors' remuneration 142 181 203 244 268
Depreciation 2,638 1,996 2,894 3,150 4,217

	Years ended 31st December				
	1981	1982	1983	1984	1985
	£'000	£'000	£'000	£'000	£'000
Taxation					
Taxation based on profits for the year and comprises:					
UK corporation tax	2,089	2,700	3,250	2,499	8,111
Double taxation relief	(621)	(1,421)	(1,192)	(1,941)	(4,815)
Deferred taxation	4,979	2,171	8,843	14,154	14,075
(Over)/underprovision for earlier years	(9)	(284)	486	(543)	370
Tax credit on franked investment income	215	1,164	1,567	4,342	3,154
Overseas taxation	6,651	6,678	11,084	18,611	22,895
	1,444	2,360	2,536	3,412	4,525
	8,097	9,246	13,620	22,021	27,420
Amount by which the taxation charge was reduced as a consequence of not providing for the full potential liability for deferred taxation	2,446	3,334	3,322	—	—

	Years ended 31st December				
	1981	1982	1983	1984	1985
	£'000	£'000	£'000	£'000	£'000
Extraordinary items					
Extraordinary items after tax comprise:					
Profit on sale of:					
Fixed asset investments	—	—	775	—	—
Subsidiary company (after tax charge of £118,000)	—	—	378	—	—
Overseas freehold property	—	—	(1,272)	(85)	(219)
Share issue and formation expenses written off	—	—	—	(10,641)	—
Provision for reduction in rental income on leased assets (after tax relief of £4,098,000)	—	—	—	—	(11,697)
Adjustments to deferred tax provisions consequent upon Finance Act 1984	—	—	—	—	(219)

An extraordinary provision of £10,641,000 was made in 1984 in respect of the Group's leasing portfolio. The progressive reductions in rates of corporation tax introduced in the Finance Act 1984 triggered rental adjustment claims in leases written by the Group resulting in a reduction in rental income receivable over the remaining life of the leases. The extraordinary charge represents provision for the estimated amount of the reduction in rental income receivable, less prospective tax relief on such reduction. The Finance Act 1984 also gave rise to an additional extraordinary charge of £1,697,000 in 1984, related to adjustments in respect of deferred tax relief on certain loan loss provisions.

Dividends on ordinary shares
Dividends on ordinary shares adjusted for capitalisation issues during the period and the one for one capitalisation issue described in section E below were:

	Years ended 31st December				
	1981	1982	1983	1984	1985
	2.1p	2.625p	3.3p	4.25p	6.0p
Dividends per ordinary share (net)					

Earnings per ordinary share
Earnings per ordinary share are calculated on the profit attributable to ordinary shareholders before extraordinary items and on the following weighted average number of ordinary shares in issue during each year, after adjustment for capitalisation issues during the period and the one for one capitalisation issue described in section E below:

	Years ended 31st December				
	1981	1982	1983	1984	1985
	'000	'000	'000	'000	'000
Adjusted weighted average number of ordinary shares	81,668	84,016	84,418	91,340	111,381

The increase in the adjusted weighted average number of ordinary shares in 1985 compared with the previous year arises mainly as a result of the issue of shares during 1984, some of which were partly paid in 1984 and became fully paid on 17th April, 1985.

Earnings per ordinary share on a fully diluted basis would not be materially different from the figures shown.

C. Consolidated balance sheets

Notes	At 31st December					
	1981	1982	1983	1984	1985	
	£'000	£'000	£'000	£'000	£'000	
Balances with bankers and money at call	230,567	235,528	300,346	378,427	438,652	
British Government listed securities	7,538	8,087	18,340	7,627	8,055	
Certificates of deposit, treasury bills and bills discounted	62,642	236,599	271,027	224,433	214,060	
Money at short notice	389,410	243,465	345,878	497,178	530,999	
Other loans to banks and local authorities	216,878	880,924	401,520	530,838	597,754	
Trading securities	24,603	16,274	35,147	54,050	148,467	
Interest receivable, sundry debtors and prepayments	61,642	100,223	118,460	264,822	190,523	
Loans guaranteed by H.M. Government	232,200	401,919	577,783	722,772	632,425	
Loans and advances	430,225	423,434	459,406	535,889	595,045	
Net investment in finance leases	62,655	83,721	95,293	120,990	156,996	
Other securities	18,177	37,070	95,852	103,716	45,946	
Liability of counterparties for acceptances	354,049	416,695	424,745	460,509	413,883	
Fixed assets	16,022	17,164	16,793	48,187	54,466	
	2,126,426	2,998,813	3,160,790	3,941,198	4,027,271	
Share capital	7	44,427	44,554	55,317	65,164	70,560
Reserves	8	43,887	58,540	65,581	116,010	158,008
Shareholders' funds		88,314	103,094	120,998	181,174	228,568
Loan capital	9	35,253	35,388	35,814	70,107	57,392
Deferred taxation	10	123,067	138,482	156,732	251,281	285,960
Current and deposit accounts		26,061	29,605	36,853	40,169	49,373
Interest payable, sundry creditors and accruals		1,541,346	1,903,733	2,404,711	2,927,137	3,038,648
Current taxation	11	67,927	107,036	131,852	256,006	201,808
Dividends payable and proposed		1,325	1,569			

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MORGAN GRENFELL GROUP PLC

6. Fixed assets

	1981	1982	1983	1984	1985
	£'000	£'000	£'000	£'000	£'000
Investments dealt in on a recognised stock exchange:					
Listed in Great Britain	10	10	7	7	7
Listed elsewhere	34	45	52	40	64
Unquoted investments	2,250	2,436	343	19,560	20,473
Furniture and other equipment	2,294	2,476	402	19,607	20,544
Freehold and leasehold properties	3,998	4,239	3,550	7,229	10,739
	10,130	10,459	10,841	21,661	23,183
	16,022	17,164	16,794	48,487	54,066

At 31st December, 1985, the market value of listed fixed asset investments was £131,000. As at 31st December, 1985, the Directors considered that the value of unquoted fixed asset investments was not less than book value.

At 31st December, 1985, unquoted investments included:

(a) Interests in the following companies which are defined as associated companies for the purposes of the relevant Statement of Standard Accounting Practice:

	Country of incorporation	Percentage of owned ordinary shares held
Credit for Exports PLC	Great Britain	50
MGC (Resources) N.V.	Netherlands Antilles	50
M77 Managers Limited	Great Britain	33 1/3
AWP Limited	United States	50
OH Research and Management Services Inc.	of America	50
Project Loan Monitoring Limited	Great Britain	25
Horizons Ltd & Bode Limited	Australia	50

For the reason stated in the accounting policies, the equity method of accounting has not been adopted for these companies. The Group also owns all of the 10 per cent. Cumulative Participating Preference Shares of Credit for Exports PLC.

(b) The Group's holding of 19.9 per cent. of the issued equity capital of Target Group PLC at a cost of £10.4 million.

(c) The Group's 5 per cent. limited partnership interests in Premier & Boyle. The Group has subsequently acquired the business of Premier & Boyle as set out in section E below.

(d) The Group's 29.9 per cent. limited partnership interests in Pynchon, Denny & Co. The Group has subsequently acquired the business of Pynchon, Denny & Co. as set out in section E below.

The value of freehold and leasehold properties at 31st December, 1985 was made up as follows:

	Freehold	Leasehold	Short leasehold	Total
	£'000	£'000	£'000	£'000
At Directors' valuation (31st December, 1984)	16,726	422	12,111	16,726
At cost	422	199	12,111	12,732
Less accumulated depreciation	17,148	—	6,035	23,183

7. Share capital

At 31st December, 1985, the authorised, issued and fully paid share capital was as follows:

	Authorised	Issued and fully paid
	£'000	£'000
4 per cent. (now taking effect as 2.8 per cent. plus an associated tax credit) Cumulative Redeemable Preference Shares of £1 each	750	750
6 per cent. (now taking effect as 4.2 per cent. plus an associated tax credit) Cumulative Preference Shares of £1 each	250	250
11 1/4 per cent. (including the associated tax credit) Cumulative Preference Shares of £1 each	12,000	12,000
5 per cent. (including the associated tax credit) Cumulative Convertible Redeemable Preference Shares of £1 each	7,000	—
Ordinary Shares of £1 each	75,000	57,560
Unclassified Shares of £1 each	—	5,000
	100,000	70,560

The 4 per cent. Preference Shares are redeemable at par at the option of the Company at any time on or before 1st January, 2000, the 6 per cent. and 11 1/4 per cent. Preference Shares are subject to any right of redemption. The rights attaching to the 5 per cent. Preference Shares are referred to in section E below.

At 31st December, 1985, options outstanding under the Company's 1974 Share Option Scheme would on exercise have resulted in the issue of 1,360,740 ordinary shares. These options were exercisable at varying dates up to 24th February, 1999 at prices between 105p and 350p per share. Also at 31st December, 1985, options outstanding under the Company's 1984 Share Option Scheme would on exercise have resulted in the issue of 1,284,600 ordinary shares. These options were exercisable at varying dates between 31st January, 1990 and 30th May, 1995 at prices of 45p and 450p per share.

8. Reserves

(a) Movements in Group reserves for the five years to 31st December, 1985 were as follows:

	1981	1982	1983	1984	1985
	£'000	£'000	£'000	£'000	£'000
At 1st January	33,284	43,887	58,540	65,581	116,010
Retained profit for the year	9,440	13,750	16,878	6,875	33,039
Goodwill written off	—	—	(148)	(150)	(2,978)
Premium on issue of shares	6,283	—	9	31,244	15,815
Expenses on issue of shares	(154)	—	(2)	(455)	(212)
Capitalisation issue of ordinary shares	—	—	(10,550)	—	—
Exchange translation differences arising on consolidation	1,810	1,452	1,245	3,183	(4,148)
Capitalisation issue of 11 1/4 per cent. Preference Shares	(7,294)	—	—	—	—
Surplus on revaluation of freehold property	—	—	—	10,148	—
Other sundry movements	18	(49)	9	(4)	2
At 31st December	43,887	58,540	65,581	116,010	158,028

(b) The reserves of the Company at 31st December, 1985 were as follows:

	£'000
Non-distributable:	
Share premium account	46,401
Reserve for share issue	66,410
Distributable:	
Profit and loss account	9,549
	122,260

£9.3 million of the Company's non-distributable reserves has conditionally been applied in the one for one capitalisation issue of ordinary shares described in section E below.

9. Loan capital

(a) Loan capital of the Group was as follows:

	1981	1982	1983	1984	1985
	£'000	£'000	£'000	£'000	£'000
Unsecured loans from banks:					
Sterling loan (repaid 1984)	5,000	5,000	5,000	—	—
US dollar loan (repaid 1984)	5,235	6,192	6,897	—	—
US dollar sterling loan repayable 1991	5,500	5,500	6,896	8,639	6,920
US dollar loan repayable 1992	5,236	6,192	6,897	8,640	6,921
	20,971	22,884	25,690	17,279	13,841
Other unsecured loans:					
Sterling loan 15.375% repayable 1994-95	7,444	7,444	7,444	7,444	7,444
Dutch guilders loan 8.0% repayable 1978-87	3,812	5,812	2,700	2,187	1,505
Swiss franc loan 6% (repaid 1983)	1,455	1,455	—	—	—
US dollar loan 9 1/2% (repaid 1981-82)	1,571	—	—	—	—
US Dollar Floating Rate Notes Due 1994	—	—	—	43,197	34,602
	14,282	14,711	10,144	52,828	43,551
Total loan capital	35,253	37,595	35,834	70,107	57,392

The unsecured loans from banks outstanding at 31st December, 1985 bear interest at variable rates related to London inter-bank offered rates.

The total loan capital outstanding at 31st December, 1985 raised by the Company and a subsidiary has been advanced to Morgan Grenfell & Co. Limited on a subordinated basis.

(b) The schedule according to which loan capital outstanding as at 31st December, 1985 fell due for repayment was:

	£'000
Within one year	752
Between one and two years	753
Between two and five years	55,887
In five years or more	57,392

10. Deferred taxation

The full potential liability for deferred taxation (arising principally in respect of capital allowances in excess of depreciation on assets held for leasing) and the amount provided in the accounts was as follows:

	1981	1982	1983	1984	1985
	£'000	£'000	£'000	£'000	£'000
Full potential liability	36,031	42,527	55,499	40,169	49,373
Amount provided in the accounts	36,031	29,605	36,853	40,169	49,373

The full potential liability has been computed at a rate of corporation tax of 52 per cent. up to and including 31st December, 1983 and since then at the rate of corporation tax expected to be in force at the time of reviewing.

At 31st December, 1985, taxation (which is not included in the above figures) that could have arisen on the disposal of the Group's properties at their revalued amounts was approximately £4.2 million. At 31st December, 1985, taxation (which is also not included in the above figures) that could have arisen on distribution to the limited partners or appointment under the controlled foreign companies legislation of earnings retained in overseas subsidiaries totalled approximately £6.5 million.

11. Interest payable, sundry creditors and accruals

	1981	1982	1983	1984	1985
	£'000	£'000	£'000	£'000	£'000
Securities trading balances	2,029	24,742	40,658	115,461	88,551
Other items	65,899	82,277	91,194	120,345	113,257
	67,928	107,019	131,852	235,806	201,808

12. Contingent liabilities and commitments

Contingent liabilities and commitments incurred in the ordinary course of business at 31st December, 1985 were as follows:

	£'000
Guarantees and performance bonds	36,035
Partly paid investments	648

A substantial proportion of guarantees and performance bonds was fully matched by counter indemnities given by third parties.

At 31st December, 1985, there were also commitments in respect of forward contracts in foreign currencies, underwriting, confirmed credits and swap contracts which had been incurred in the ordinary course of business.

Capital expenditure for which no provision has been made in the consolidated accounts but which had been contracted for at 31st December, 1985 amounted to £364,000. Capital expenditure authorised but not contracted for at that date amounted to £10.6 million of which £4 million was for development of computer based systems.

At 31st December, 1985, Group companies were parties to agreements concerning financial options relating to the acquisition of Pynchon Denny & Co. and the business of Premier & Boyle for an aggregate consideration of £11 million, subsequently increased to £31.55 million, which would be satisfied by the issue of ordinary shares and securities convertible into ordinary shares in the Company.

At 31st December, 1985, the share capital of Morgan Grenfell Laure Holdings Limited was owned as to 31 per cent. by the Group and 69 per cent. by the former shareholders of Michael Lewis & Partners Limited, whose shares in Morgan Grenfell Laure Holdings Limited were the subject of put options between them and the Company exercisable between 1986 and 1993. The consideration due on exercise of such options may be satisfied in cash or (at the Company's discretion) by the issue of ordinary shares in the Company at their then market value. The exercise price has to be agreed between such former shareholders and the Company or, in default of agreement, is determined by an expert, upon certain defined principles.

D. Consolidated statements of source and application of funds

	1981	1982	1983	1984	1985
	£'000	£'000	£'000	£'000	£'000

Source of funds:					
Profit before taxation	20,241	26,586	33,792	46,975	68,945
Extraordinary items before taxation	—	—	999	(14,323)	(2,129)
Exchange differences	4,798	4,031	2,459	1,773	(14,968)
Items not involving movement of funds:					
Depreciation	2,638	1,996	2,494	3,150	4,217
(Profit/loss on disposal of fixed assets)	(154)	34	(1,133)	(422)	(17)
Funds generated by operations	27,523	32,647	38,571	42,774	57,938
Funds from other sources:					
Net proceeds of share issues	12,451	127	220	40,638	20,999
Dated loan capital issued	12,944	—	6,396	43,197	—
Disposals of fixed assets and fixed asset investments	708	138	3,573	915	580
Other	18	—	9	—	2
	51,644	32,812	49,269	127,522	79,519

Application of funds:					
Additions to fixed assets and fixed asset investments	3,339	3,194	4,430	24,732	11,652
Dividends paid	1,501	4,041	3,792	4,355	6,232
Taxation paid	2,920	5,678	4,525	17,128	8,748
Purchase of goodwill	—	—	—	54	2,498
Dated loan capital redeemed	2,206	3,560	7,737	14,369	752
Other	—	49	—	4	—
	9,966	15,522	21,052	61,152	29,882
	41,678	48,334	69,329	188,674	109,407

Represented by:
 Advances and other accounts: £16,233, £24,497, £29,640, £35,522, (£78,923)
 Liabilities and other banking assets: (£104,685), £72,748, £23,708, £93,192, £19,077
 Current, deposit and other accounts: (£263,960), (£453,855), (£534,131), (£682,344), (£30,687)
 £43,678, £7,300, £28,217, £66,370, £49,407

E. Subsequent events

(a) Guinness PLC

As a result of purchases of shares in The Distillers Company plc in January and February 1986 which were subsequently accounted to the full for the share capital of that company made on behalf of Guinness PLC ("Guinness"), the Group beneficially owns 48,583,832 ordinary stock units of 25p each in Guinness ("Guinness stock units"). The Board of Guinness has proposed that Guinness should purchase these stock units for cash at a price reflecting their effective cost to the Group, taking account of the Group's funding costs. The necessary resolutions to approve the proposed purchase contract were passed at the relevant meetings of holders of Guinness shares and loan capital on 17th June, 1986. The proposed purchase contract provides for completion to take place on 9th July, 1986 or such other date not being later than 29th May, 1987 as may be agreed. On the basis that the proposed purchase is completed on 9th July, 1986, it is estimated that the total purchase price will be in the region of £136 million, which compares with a current market value of the Guinness stock unit on 17th June, 1986 as derived from The Stock Exchange Daily Official List. The Directors of the Company have confirmed that if the proposed purchase contract is not implemented, they would explore an appropriate alternative means of dealing with this holding of Guinness stock units after consultation with Guinness. In addition to this holding, the Group beneficially owns a further 7,025,000 Guinness stock units.

(b) Premier & Boyle

On 13th April, 1986 the business, assets and liabilities (excluding certain amounts owed to or by the partnership as agents and the partners' income tax liabilities) of Premier & Boyle were acquired by the Company, and the limited partnership was dissolved. The total consideration paid for the Company was £102.5 million which was satisfied by the issue of 415,925 ordinary shares, credited as fully paid up at 75p, and 2,243,478 5 per cent. Cumulative Redeemable Preference Shares of £1 each, provided as fully paid up at par (£5 per cent. Preference Shares). Immediately prior to this issue, 243,478 Unclassified Shares were classified as 5 per cent. Preference Shares.

The 5 per cent. Preference Shares convert into ordinary shares (except in specified circumstances relating to the continuing employment within the Group of the allottees thereof) on the fifth anniversary of their allotment or, if such conversion is then suspended by the holder of such shares, on the earliest of the next following four anniversaries on which conversion is not so suspended, at the rate of 42 nominal amount of ordinary shares for each 47.50 nominal amount of 5 per cent. Preference Shares. This conversion rate is stated after adjustment for the capitalisation issue referred to in paragraph (f) below. In respect of those 5 per cent. Preference Shares still outstanding immediately following the tenth anniversary of their allotment, the final cumulative preferential dividend of 5 per cent. will be increased or decreased so that the market value of the 5 per cent. Preference Shares is equal to their nominal value at that date.

The net tangible assets of Premier & Boyle acquired were nil.

The summarised audited results of Premier & Boyle for the last five financial periods were as follows:

	16th April	16th April	16th April	16th April	11th April
	1980	1981	1982	1983	1984
	£'000	£'000	£'000	£'000	£'000
Profit before taxation attributable to the partners	1,198	1,892	1,667	1,430	1,901

Profit before taxation is stated before charging remuneration of the partners and without adjusting for the effect of withdrawal of partners' funds prior to completion of the acquisition.

A summary of the assets and liabilities of Premier & Boyle at 11th April, 1986 is as follows:

	£'000
Assets:	
Money receivable from clients and the market in the ordinary course of Stock Exchange business	87,453
Bank balances and cash	3,448
Other assets	50
	90,951

Liabilities:

Money payable to clients and the market in the ordinary course of Stock Exchange business	87,839
Other liabilities	757
	88,596

Partners' funds including taxation reserves withdrawn prior to completion

	3,375
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(c) Pynchon, Denny & Co.

On 11th April, 1986, Morgan Grenfell Securities Holdings Limited revived as limited partner in the partnership Pynchon, Denny & Co. On 12th April, 1986, the business, assets and liabilities (excluding the partners' income tax liabilities) of the partnership were transferred to an unlimited company, P

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(1) Subject to the rights of the other classes of Preference Shares referred to in paragraphs 2(a) (i), (ii) and (iii) above, the 5 per cent. Preference Shares confer the right to receive out of the profits to be distributed a fixed cumulative preferential dividend of 5 per cent. per annum (including the associated tax credits) on the amount paid up thereon, payable on 1st July and 1st January in each year. If any 5 per cent. Preference Shares remain outstanding on 14th April, 1986, the dividend is then to be increased or decreased by such amount as would result in their market value being equal to their nominal value. On a return of assets, the 5 per cent. Preference Shares are entitled to repayment of the amount of capital paid up thereon plus all arrears and accretions of dividend. They rank in priority in the shares of any other class (except the 4 per cent. Preference Shares, the 6 per cent. Preference Shares and the 11 1/2 per cent. Preference Shares) but confer no further right to participate in profits or assets.

(2) Subject to the Act and the rights of the holders of the Preference Shares, the Company may by ordinary resolution declare dividends but not in excess of the amount recommended by the Board. Save where the rights of general meeting, but are entitled to attend and vote at any general meeting in respect of the amounts or terms of issue of any shares otherwise provided, dividends shall be apportioned according to the amounts or terms of issue of the shares during the period in respect of which they are paid. The Board may pay such interest paid up on the shares during the period as referred to in the preceding paragraph. Any dividend unclaimed after a period of twelve years from the date of declaration will be forfeited.

(3) Subject to the Act and the rights of the holders of the Preference Shares, any surplus assets on a winding-up are to be divided between the holders of the ordinary shares according to the numbers of ordinary shares they hold. A liquidator may, with the sanction of a special resolution, divide among the members to hold all or part of the assets of the Company as he deems fit.

(b) **Votes of members**

Subject to disenfranchisement for non-payment of calls or other sums due on shares, or for non-compliance with a statutory notice requiring disclosure as to beneficial ownership, and subject to any applicable special voting terms, on a show of hands every member present at a general meeting has one vote, and on a poll every member present in person or by proxy has one vote for every £1 nominal amount of share capital held by him.

Notwithstanding the above:

(i) the holders of the 4 per cent. Preference Shares and the 6 per cent. Preference Shares are not entitled to notice of or to attend or vote at any general meeting unless convened for the purpose of passing a resolution altering the Articles of Association in any manner directly affecting their respective rights and privileges, or unless their dividend is in arrears for more than twelve months and remains unpaid, these dividends being deemed due on 30th June and 31st December; and

(ii) the holders of the 11 1/2 per cent. Preference Shares and the 5 per cent. Preference Shares are entitled to notice of general meetings, but are entitled to attend and vote if the business includes a resolution on which they are entitled to vote, being a resolution directly affecting their respective rights and privileges, or if, at the date of the notice convening the meeting, their dividend is six months or more in arrears and remains unpaid on the date of the meeting.

(c) **Transferability of shares**

Renounceable letters of allotment which will be negotiable until 100 p.m. on 29th August, 1986 will be issued to existing ordinary shareholders (other than the shareholders referred to in paragraph 8(b) of the "Further information" below) in respect of ordinary shares allotted pursuant to the Capitalisation Issue. Subject thereto, the ordinary shares and the Preference Shares are in registered form. Any member may transfer all or any of his shares by instrument and the Preference Shares are in registered form. Any instrument of transfer must be executed by the transferor and, in the case of a partly-paid share, the transferee, and the transferee is deemed to remain the holder until the transferor's name is entered in the register. All the new ordinary shares now being offered are subject to payment in full on application.

The Board may decline to register any transfer other than of 11 1/2 per cent. Preference Shares or 5 per cent. Preference Shares of any share which is not fully-paid. There is no restriction on the registration of a transfer of fully-paid ordinary shares provided the duty stamped transfer is lodged with the Company accompanied by the relative certificate and any other evidence the Board may reasonably require; (b) in respect of only one class of share; and (iii) in favour of no more than four joint transferees.

(d) **Variation of rights**

Subject to the Act, the special rights and privileges attached to any class of share may be altered or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders, the quorum being two persons at least holding or representing by proxy, in the case of the 4 per cent. Preference Shares and the 6 per cent. Preference Shares, 75 per cent. and, in the case of the 11 1/2 per cent. Preference Shares and the 5 per cent. Preference Shares, one-third, of the issued shares of the class, and, in the case of the ordinary shares, not less than one-third in nominal value of the issued shares of the class. For this purpose:

(i) the special rights attached to the 4 per cent. Preference Shares will be deemed to be altered or abrogated by the creation or issue of further shares ranking pari passu therewith, but (save as mentioned above in relation to the 11 1/2 per cent. Preference Shares) the special rights attached to any other class of shares issued with preferred or other special rights will not, unless otherwise expressly provided by the terms of issue of such shares, be altered or abrogated by the creation or issue of further shares ranking pari passu therewith, so long as the aggregate amount paid up on the 4 per cent. Preference Shares, the 6 per cent. Preference Shares and all shares ranking pari passu with the 6 per cent. Preference Shares does not at any time exceed the aggregate amount paid up on all shares ranking after the 6 per cent. Preference Shares;

(ii) the Company may create and issue further preference shares ranking pari passu with (but not in priority to) the 11 1/2 per cent. Preference Shares but only if the Auditors certify that immediately following that issue the aggregate amount paid up on the 4 per cent. Preference Shares, the 6 per cent. Preference Shares, the 11 1/2 per cent. Preference Shares and all shares ranking pari passu with the 11 1/2 per cent. Preference Shares will not exceed 25 per cent. of the aggregate of the paid up share capital and reserves as shown by the then latest audited consolidated balance sheet (adjusted to reflect any subsequent issue of shares);

(iii) except as mentioned above, the creation or issue of further shares ranking in priority to, or pari passu with, the 11 1/2 per cent. Preference Shares will be deemed to be an alteration or abrogation of the special rights attached to those shares. Their special rights and privileges will also be deemed to be altered or abrogated by: (1) any alteration or abrogation of the rights and privileges of the 4 per cent. Preference Shares or the 6 per cent. Preference Shares, or (2) the passing of a resolution for reducing the share capital, capital redemption reserve or share premium account otherwise than by the application of any amount for any purpose permitted by section 130(2) of the Act; or (3) the passing of a resolution for winding-up the Company; and

(iv) while any 5 per cent. Preference Shares are capable of conversion, the special rights attaching to those shares will be deemed to be altered or abrogated by: (1) the issue of further shares ranking in priority to the 5 per cent. Preference Shares, except that the issue of shares ranking pari passu with any of the other classes of Preference Shares will not be an alteration or abrogation of the special rights attaching to those shares, or (2) a capitalisation issue which results in the nominal value of the ordinary shares in which 5 per cent. Preference Shares may be converted exceeding the nominal value of the shares converted.

Except as mentioned above, the rights attached to any shares shall not be deemed to be varied by the creation or issue of further shares ranking pari passu with them unless the terms of those shares expressly state otherwise.

(e) **Conversion of the 5 per cent. Preference Shares**

(1) Except as described in paragraph 2(e)(ii) below, on 13th April in each of the years 1991 to 1995 (being "Conversion Dates") all the 5 per cent. Preference Shares then outstanding will convert into fully-paid ordinary shares (in the ratio, following the Capitalisation Issue, of £1 nominal amount of ordinary shares for each £1.20 nominal amount of 5 per cent. Preference Shares and fully-paid Special Shares ("Special Shares" - see paragraph 2(e)(ii) below) by the consolidation of all the 5 per cent. Preference Shares in any holding into one share and the division of that share into (a) the requisite number of ordinary shares each of the same nominal amount as each ordinary share in issue at the Conversion Date and (b) into one Special Share of nominal amount equal to the excess of that of the consolidated share over that of the ordinary share capital derived therefrom.

(2) Any original allottee of any 5 per cent. Preference Shares in the employment of the Group (as defined in the Act) at the age of 60 or over (65 or over, due to ill-health, (c) dies or (d) is made redundant or is unfairly dismissed, all the 5 per cent. Preference Shares allotted to and then beneficially held by him (or his personal representatives) will, except as described in paragraph 2(e)(ii) below, convert two months after the relevant event.

(3) If while any of the 5 per cent. Preference Shares is outstanding, an offer is made for the ordinary shares and the Company becomes aware that the offer has obtained control of more than 50 per cent. thereof, the Company must give written notice to all the holders of the 5 per cent. Preference Shares, and all those shares will, except as described in paragraph 2(e)(ii) below, convert two months after the date of that notice.

(4) 5 per cent. Preference Shares will not convert if: (i) between 75 and 14 days prior to the relevant Conversion Date, the Company receives a suspension notice from the holder; or (ii) prior to 13th April, 1991 the original allottee either (a) ceases to be continuously employed by the Group or any former subsidiary otherwise than as mentioned in paragraph 2(e)(2) above or by resigning with his employer's consent or (b) transfers the beneficial interest in any of his 5 per cent. Preference Shares (except by transmission on death) to 5 per cent. Preference Shares that are not convertible are called "Excluded Shares".

(5) The Company must use all reasonable endeavours to obtain a listing on the Stock Exchange for all ordinary shares resulting from the conversion.

(6) Special Shares are not transferable and do not entitle the holder to the payment of any dividend or to any repayment of capital on a return of assets (except for the sum of 1p) or to receive notice of or attend or vote at any general meeting. They may, subject to the Act, be cancelled by reduction of capital, without payment to or sanction of the holder, and the Company may at any time after the earliest Conversion Date redeem all or any of them for not more than 1p for all the Special Shares redeemed at any one time.

(7) If the Conversion Date falls on or before 30th June in any financial year, ordinary shares derived from the conversion will carry the same dividend rights as ordinary shares then in issue in respect of that financial year and the fixed preferential dividend on the converted shares will cease to accrue as from the immediately preceding 1st January. If the Conversion Date falls after 30th June in any financial year, ordinary shares derived from the conversion will carry the same dividend rights as ordinary shares then in issue in respect of that financial year except for the first interim dividend paid after conversion, and the fixed preferential dividend on the converted shares will cease to accrue as from the immediately preceding 1st July. In each case they will, in all other respects, rank pari passu with the fully-paid ordinary shares.

(f) **Other rights of the 5 per cent. Preference Shares**

(1) If there is a capitalisation issue to the holders of the ordinary shares, the nominal amount of ordinary shares into which 5 per cent. Preference Shares convert will be increased and the nominal amount of Special Shares correspondingly decreased, by such amount as the Board thinks appropriate and as the Auditors confirm to be fair and reasonable.

(2) If immediately following a Conversion Date there is more than 25 per cent. (on a nominal value of the 5 per cent. Preference Shares originally in issue remains outstanding, the Company will be entitled within one month to convert all outstanding 5 per cent. Preference Shares other than Excluded Shares.

(3) If there is a rights issue or other offer (except in connection with a take-over offer) to the holders of the ordinary share capital, the Company must make or, so far as it is able, procure to be made an equivalent issue or offer at the same time to each holder of 5 per cent. Preference Shares as if such shares had all converted prior to the relevant record date.

(4) If the Company is placed in liquidation, holders of 5 per cent. Preference Shares (other than Excluded Shares) may elect to be treated as if their 5 per cent. Preference Shares had been converted immediately before that event.

(5) Until 13th April, 1996 and while any of the 5 per cent. Preference Shares remains outstanding and capable of conversion, no resolution may be passed varying the rights attached to the ordinary shares, reducing share capital or sanctioning the purchase by the Company of its own shares, except with the consent of the holders of the 5 per cent. Preference Shares given at a separate class meeting.

(g) **Redemption of the 4 per cent. Preference Shares and the 5 per cent. Preference Shares**

(1) The Company may at any time on or before 1st January, 2000, on six months' notice, redeem out of profits available for distribution or out of the proceeds of a further issue of shares for the purpose) all or part of the 4 per cent. Preference Shares or part together with arrears and accretions of dividend. In a partial redemption, the shares to be redeemed will be selected by a drawing.

(2) Subject to the consent of the holders of all other classes of Preference Shares, the Company may, at any time after 13th April, 1986, on six months' notice, redeem out of profits available for distribution or out of the proceeds of a further issue of shares for the purpose) all or part of the 5 per cent. Preference Shares or part together with arrears and accretions of dividend. In a partial redemption, the shares to be redeemed will be selected by a drawing.

(h) **Alteration of capital**

Subject to the provisions of the Act, the Company may, by ordinary resolution, increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, sub-divide its shares into shares of a smaller amount and cancel any shares which have not been taken or agreed to be taken and correspondingly reduce its share capital; and by special resolution, reduce, in any way its share capital, any capital redemption reserve and any share premium account.

(i) **Untraced shareholders**

Subject to various notices requirements, the Company may sell any ordinary shares of a member if, during a period of twelve years, at least three dividends on those shares have become payable and the cheques or warrants have remained unclaimed and the Company has received no indication of the existence of such member during that period.

(j) **Directors**

(1) **Restrictions by rotation**

At every annual general meeting, as near as possible to one-third of the Directors retire by rotation and are eligible for re-election. The Directors to retire are those who have been longest in office, or, in the case of those who were elected or re-elected on the same day, are (unless they otherwise agree) determined by lot. Any Director appointed by the Board will hold office only until the next annual general meeting, when he will be eligible for re-election but will not be taken into account in determining the number of Directors to retire by rotation at that meeting.

(2) **Restrictions on voting**

At every annual general meeting, a Director may not vote (nor be counted in the quorum) in relation to any Board resolution in respect of any contract or arrangement in which he is to his knowledge materially interested. If he does, his vote will not be counted. The Company may by ordinary resolution suspend or relax such provisions in any case or in any particular case or in any particular class of case or in any particular class of case.

(3) **Resignation**

The Directors may be paid fees as determined by the Board up to an aggregate (including remuneration paid to executive Directors) of £120,000 per annum, or such higher amount as may be determined by ordinary resolution. The Company may repay to any Director all such expenses as he may properly and reasonably incur in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who by request performs special services, or goes or resides abroad for any purpose of the Company, may be paid such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine.

(4) **Pensions**

The Board may procure the payment of pensions and other benefits to, among others, any Director or former Director or persons connected with them subject, inter alia, to the case of payments to a Director or former Director who has not been an employee or other officer of the Group, to approval by ordinary resolution.

(5) **Age limit**

No Director is required to retire from office and no person is precluded from becoming a Director by reason of having attained the age of 70 years or any other age, nor is special notice required in connection with the appointment or re-appointment of any such person.

(6) **Borrowing powers**

The Directors may exercise, without limit, all powers of the Company to borrow money and to mortgage or charge all or part of its undertaking, property, assets and uncalled capital and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Further information

1. **The Company and its share capital**

(a) The Company was incorporated in England on 29th November, 1971 under the Companies Act 1948 to 1967 as a company limited by shares with the name Morgan Grenfield Holdings Limited. With effect from 1st September, 1981 the Company became a private company following the meeting of the Companies Act 1980. The Company was re-registered on 18th June, 1986 as a public company and operates under the Act with the name Morgan Grenfield Group Limited. The Company is registered in England and Wales with registered number 0132342 and its registered office and principal place of business are located at 23 Great Winchester Street, London EC2P 2AX.

(b) The 11 1/2 per cent. Preference Shares were created by a special resolution passed on 12th June, 1981, pursuant to which (i) the authorised share capital of the Company was increased from £45,000,000 to £52,000,000 by the creation of 7,000,000 11 1/2 per cent. Preference Shares; (ii) 294,118 Unclassified Shares of £1 each were classified as 11 1/2 per cent. Preference Shares; (iii) the sum of £7,294,118 was equalised and applied in paying up in full to par the 7,000,000 11 1/2 per cent. Preference Shares; and (iv) 4,705,882 of the ordinary shares then in issue were converted into 11 1/2 per cent. Preference Shares.

(c) On 31st December, 1982, the authorised share capital of the Company was £52,000,000 divided into 730,000 4 per cent. Preference Shares, 250,000 6 per cent. Preference Shares, 12,000,000 11 1/2 per cent. Preference Shares, all of which preference shares had been issued and were fully paid up, and 39,000,000 ordinary shares, of which 31,594,473 had been issued and were fully paid up. Since 31st December, 1982, there have been the following changes in the authorised share capital of the Company:

Date	Number of shares	Exercise price	Date of grant
11th May 1983	53,332	1875	December 1974
14th June 1984	53,330	22.5	December 1975
15th May 1985	86,666	26.25	December 1976
13th April 1986	134,662	43.125	December 1977
13th April 1986	36,000	36.000	March 1978
13th April 1986	24,000	54.375	August 1979
13th April 1986	181,918	56.25	February 1980
13th April 1986	13,332	56.25	June 1980
13th April 1986	143,996	65.625	November 1980
13th April 1986	202,996	70.3125	February 1981
13th April 1986	487,432	90	June 1981
13th April 1986	316,000	112.5	May 1983
13th April 1986	1,630,000	130	August 1983
13th April 1986	628,800	175	February 1984
	4,932,454		

Note: The arrangements described in the note to paragraph 1(d)(i) above will apply in relation to those options the effective exercise price of which is less than the par value of the shares converted.

Options under the 1974 Scheme are normally exercisable during the period between five and fifteen years following the date of grant. The sum of £1 was paid in consideration of the grant of each option.

(2) The 1984 Scheme

Number of shares	Exercise price	Date of grant
2,479,800	222.5	January 1985
35,000	225	May 1985
1,069,132	375	April 1986
3,583,932		

Options under the 1984 Scheme are normally exercisable during the period between five and ten years following the date of grant. The sum of £1 was paid in consideration of the grant of each option.

(3) The 1986 Scheme

(a) The provisions of section 89 of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be paid up in cash, other than an allotment to employees under an employee share scheme) apply to the authorised but unissued share capital of the Company except to the extent displaced by the resolution referred to in paragraph 1(e)(ii) above. Such displacement gives the Directors limited flexibility to issue ordinary shares for cash following the Offer. The continuing obligation of the Company under the requirements of the Stock Exchange as to the issue of shares for cash following the Offer is not affected by the provisions of the Act.

(b) Save as disclosed herein, on 20th June, 1983 there has been no change in the share capital of an subsidiary of the Company and/or the number and class of which any such capital is composed (other than intra-group issues by wholly-owned subsidiaries) and no share capital of the Company or any other member of the Group is under option or agreed conditionally or unconditionally to be put under option.

(c) Following the Offer, approximately 47.9 million ordinary shares will remain unissued and not reserved for issue on exercise of all outstanding options under the 1974 Scheme and the 1984 Scheme, as referred to in paragraph 1(d)(i) above, or on conversion of 5 per cent. Loan Stock as referred to in paragraph 1(f)(ii) above.

(4) No issue of ordinary shares on conversion of the 5 per cent. Preference Shares in connection with the conversion of the 5 per cent. Preference Shares, or to the extent required by section 89 of the Act, will result in the number of ordinary shares in issue as referred to in paragraph 1(f)(ii) above.

(5) Following the Offer, save to the extent required as a result of conversion of 5 per cent. Loan Stock, no material issue of ordinary shares of the Company (other than to shareholders pro rata to their existing shareholding or pursuant to employee share schemes) will be made within one year of the date of this document without the prior approval of the Company in general meeting.

2. Principal subsidiary companies

The Company is a holding company and details of its principal subsidiaries (each of which is incorporated in England and Wales) are set out below. The subsidiaries are wholly owned, their share capital is fully paid up and a held directly by the Company.

Name of company	Registered office	Act in	Issued share capital
Morgan Grenfield & Co Limited	23 Great Winchester Street, London EC2P 2AX	Merchant bank	£26,000,000
Morgan Grenfield Asset Management Limited	46 New Broad Street, London EC2M 1NB	Holding company	£100
Morgan Grenfield Securities Holdings Limited	23 Great Winchester Street, London EC2P 2AX	Holding company	£33,900,000

Morgan Grenfield & Co Limited holds the equity share capital of each of the UK based investment management operating subsidiaries. Morgan Grenfield Asset Management Limited holds a Special Redeemable Share in each of these companies through which it controls the composition of their Boards and regulates the conduct of their businesses.

3. Employee share schemes

(a) **General**

(i) The Company has the following employee share schemes:

- the 1974 Scheme;
- the 1984 Scheme;
- the 1986 Scheme;
- the UK Share Participation Scheme; and
- the Overseas Share Participation Scheme.

(ii) On 17th June, 1986 the 1984 Scheme and the UK Share Participation Scheme were, subject to the approval of the Board of Inland Revenue, amended consequentially upon the introduction of the 1986 Scheme and the Overseas Share Participation Scheme on that date and further amended, subject to such approval and conditional upon the admission of this ordinary share, so to the extent required by section 89 of the Act. The descriptions below are prepared on the basis that these amendments have taken effect.

(iii) No further options may be granted under the 1974 Scheme. Outstanding options to subscribe for ordinary shares under the 1974 Scheme are generally exercisable at any time between the five and fifteen anniversary of their grant. The 1974 Scheme contains provisions broadly similar to the Share Option Schemes described below, whereas options may become exercisable if certain events occur:

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MORGAN GRENFELL GROUP PLC

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(b) Details of the outstanding options granted under the 1974 Scheme and the 1984 Scheme are set out in paragraph 10(f) below.

(c) The Company will make application to the Council of The Stock Exchange for all ordinary shares issued under the employee share schemes to be admitted to the Official List. The granting of options under the Share Option Schemes and the allocation of profits to the Share Participation Schemes are, subject to the restrictions, summarised below, at the discretion of the Directors.

(d) The Directors have the power to amend various provisions of the employee share schemes but the issue of such amendments cannot be altered to the material advantage of employees, optionholders or participants without the approval of the Company in general meeting. In particular, shareholders' approval is required for any alteration to the terms of options eligible for participation, the number of ordinary shares to be issued under the schemes (subject to certain exceptions, including capitalisation or rights issues), the maximum entitlement of any individual, the method of establishing the subscription price of any ordinary shares issued or put under option and the basis on which the amount of profits to be allocated to the Share Participation Schemes.

(e) The Directors have authority to establish such other employee share schemes as they deem appropriate for overseas employees. Such schemes must, however, operate within the limits described below and the benefits received by any employee under such schemes must, in the Directors' opinion, be comparable to those which an employee participating in the 1984 Scheme or, in the case may be, the UK Share Participation Scheme receives.

(f) Limits

(i) The maximum nominal amount of ordinary shares that may be issued under all of the employee share schemes (other than the 1974 Scheme) is £30,000,000, representing 19.9 per cent. of the issued ordinary share capital following the Offer. This amount may be adjusted by the Directors in favour of the employees, provided that such adjustments are in their opinion fair and reasonable and do not result in the issue of shares in excess of any consolidation, sub-division or reduction in the Company's ordinary share capital.

(ii) The maximum number of ordinary shares over which options may be granted on any date or which may be issued under employee share schemes (other than the exercise of options) on any date, when added to the number of ordinary shares issued or remaining available in respect of rights granted under all employee share schemes adopted by the Company in the ten years prior to that date (other than those issued under the UK Share Participation Scheme before 20th December, 1984 and shares issued or remaining available under the 1974 Scheme), may not exceed 10 per cent. of the issued ordinary share capital on that date.

(iii) The maximum number of ordinary shares over which options may be granted on any date or which may be issued under employee share schemes (other than the exercise of options) in respect of rights granted under all employee share schemes of the Company in the previous two years, may not exceed three per cent. (or, until the second anniversary of the date of admission by the Council of The Stock Exchange of the whole of the Company's ordinary share capital, issued and being issued, to the Official List, four per cent.) of the issued ordinary share capital on that date.

(iv) The maximum number of ordinary shares that may be subscribed under the Share Participation Schemes in any period of twelve months may not exceed one per cent. of the issued ordinary share capital from time to time.

(v) In any financial year of the Company, the maximum amount which may be made available to the trustees of the Share Participation Schemes for the acquisition of ordinary shares is five per cent. of the profits of the Group before taxation for the preceding financial year.

(vi) No further options may be granted under the Share Option Schemes after 20th December, 1984, and no further ordinary shares may be issued under the Share Participation Schemes in respect of allocations for financial years ended after 31st December, 1985.

(g) The Share Option Schemes

(i) The 1984 Scheme has been approved by the Inland Revenue under Finance Act 1984. The 1986 Scheme, which has not been so approved, is intended to be used primarily for overseas employees. In order to give maximum flexibility however, both schemes allow the Directors to amend the schemes or the terms of options granted under them to take account of overseas tax or accession laws.

(ii) All full-time employees of the Company or of its subsidiaries (including full-time executive Directors) may be granted options to subscribe for ordinary shares. No consideration is payable for the grant of an option.

(iii) No option will be granted to an employee if it would cause the cost of exercise of shares comprised in options granted to him under the Share Option Schemes (and not then exercised) to exceed the greater of:

- (1) four times the annual rate of his basic remuneration from the Group at the date of grant; and
- (2) four times the total remuneration (exclusive of benefits in kind) paid to him by the Group in the twelve months before the date of grant.

(iv) Options may be granted within the period of six weeks after the third dealing day following announcement of the Group's interim or final results. Options so granted will entitle the recipient to subscribe for ordinary shares at a price determined by the Directors, being not less than the higher of (1) the arithmetic average of the middle market quotations of such shares for the three dealing days immediately preceding the date of grant of the option (or, in the case of options which were granted before the admission of the ordinary shares to the Official List of The Stock Exchange, the market value of such shares as agreed with the Inland Revenue, and (2) their nominal amount.

(v) Options are not transferable. Ordinary shares issued on the exercise of options rank pari passu with the issued ordinary shares except that they will not rank for any dividend in respect of any financial year ended prior to the date of exercise of the option.

(vi) Options are generally exercisable between the fifth and tenth anniversaries of their date of grant. Early exercise of options will be permitted in the event of a change of control or if notice is given of a resolution for the voluntary winding up of the Company. Early exercise will also be permitted if, at any time, the optionholder ceases to be an employee by reason of his death, ill-health, injury, accident, disability, retirement at pensionable age, or redundancy. If an optionholder ceases to be an employee, his options will lapse unless exercised within six months after the date of such cessation. Otherwise, options will normally lapse if the optionholder ceases to be employed by the Group prior to each fifth anniversary unless the Directors decide to the contrary.

(h) The Share Participation Schemes

(i) The UK Share Participation Scheme has been approved by the Inland Revenue under Finance Act 1978. The Overseas Share Participation Scheme has not been so approved and is designed to allow overseas employees to receive ordinary shares to a similar extent as UK employees.

(ii) Under the Share Participation Schemes, the Company will determine the amount of allocations to participants and together with participating group members will provide the trustees of the schemes with funds to enable them to acquire ordinary shares which will then be appropriated to eligible employees. The allocation of funds to the schemes will, unless the Directors decide otherwise, be made in each year following the announcement of the Company's final results.

(iii) All employees or salaried directors who are employed to work for at least twenty hours a week by any of the participating companies and who (in the case of the UK Share Participation Scheme) have been so employed for at least five years on the date of appropriation (normally 31st May) or who are nominated by the Directors prior to the relevant allocation are eligible to participate in the schemes.

(iv) With the moneys made available to them, the trustees will acquire ordinary shares by purchase or subscription within a period of five months of the Company's final results. Ordinary shares acquired by purchase or subscription will be acquired at a price per share equal to the higher of (1) nominal value and (2) the arithmetic average of the middle market quotations of an ordinary share, as derived from The Stock Exchange Data Official List, for the five dealing days following announcement of the Company's results. Ordinary shares issued under the schemes will rank pari passu with other ordinary shares then in issue except, if the Directors so decide, for rights attaching to ordinary shares by reference to a record date prior to the date of issue.

(v) Shares acquired by the trustees are appropriated among participants for whom allocations have been made, so that the number of shares appropriated to each participant will be the proportion which the amount allocated to that participant bears to the aggregate of the amount allocated to all participants. Fractions of shares are rounded up or down to the next whole number.

(vi) No participant may have appropriated to him in any year of appointment under the Share Participation Schemes ordinary shares which, when added to ordinary shares appropriated to him in the same year of appointment, have a total market value exceeding £5,000.

(vii) Ordinary shares acquired by the trustees under the Share Participation Schemes will normally be held by the trustees for a minimum period of five years during which they may not be dealt with in any way. After this five year period has expired, a participant may instruct the trustees to sell his ordinary shares for him, falling to the trustees shall transfer them (and the participants' name as well, as far as practicable, in various circumstances, such as death, redundancy or retirement, ordinary shares held by the trustees may be released before the expiry of the five year period. While the ordinary shares are so held in trust, the respective exercise of voting rights and participation in rights issues and capitalisation issues and certain other transactions concerning the issued ordinary share capital in the same way as ordinary shareholders.

4. Directors' and other interests

(a) The interests of the Directors in ordinary shares shown in the register maintained under the provisions of the Act as those interests would appear immediately following the Capitalisation Issue and taking into account also those interests pursuant to the matching arrangements referred to in paragraph 8(e) below but before taking account of any applications for ordinary shares under the Offer are set out below:

	Ordinary shares	Options over ordinary shares	1974 Scheme	1984 Scheme
Lord Catto	555,130	—	—	—
C. R. Reeves	15,130	—	—	30,000
— beneficial	15,130	—	—	30,000
— other	27,600	—	—	13,000
Se Peter Carey	25,374	—	—	13,000
Se Kenneth Davidson	81,188	—	80,000	30,000
B. A. Hardman	76,536	30,666	—	10,000
G.L.L. Law	48,816	—	—	10,000
G. M. Nason	52,350	—	—	10,000
D. V. Palmer	5,002	—	—	10,000
Lord Penneck	15,374	—	—	10,000
C. F. M. Rawlinson	100,688	40,000	30,000	30,000
Se John Sparrow	133,094	10,000	—	30,000
G. R. Walsh	—	—	—	30,000
— beneficial	45,268	80,000	—	30,000
— other	8,828	—	—	—
C. M. J. Whittington	100,000	80,000	—	30,000

All interests are beneficial unless otherwise stated.

Directors may make applications for ordinary shares under the Offer.

Save as referred to above and in paragraph 10(f) below and save for a beneficial interest in 2,700 4 per cent. Preference Shares held by Lord Catto, none of the Directors has any interest in the issued share capital of the Company or any interest in the share capital of its subsidiaries.

(b) Save as referred to in paragraph 4(f) below, no Director has had any interest in any transaction which is or was entered into by the Company or its subsidiaries in the business of the Group and which was effected by the Company since 31st December, 1984 or, if effected by the Company prior to that date, remains in any respect outstanding or unperformed.

(c) The aggregate of the remuneration paid and benefits in kind (including pension contributions) granted to the Directors by any member of the Group in respect of the year ended 31st December, 1985 was £2,077,972. Of this amount, £871,000 constituted the profit-related element of such remuneration.

(d) It is estimated that the aggregate of the amounts payable to the Directors by any member of the Group to the Company's current financial year under the arrangements in force at the date of this document will not exceed £1,776,000. This estimate does not include any profit-related amounts to be paid, as the relevant period has not ended and therefore the relevant profits cannot be determined.

(e) No Director has a service contract with any member of the Group which does not expire or cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year, nor a any such service contract proposed.

(f) G. M. Nason was a partner in Pembrey & Boyle and, as such, was a party to the material contract referred to in paragraph 9(b) below. The consideration received by Mr. Nason consisted of the issue of 34,783 ordinary shares, credited as fully paid up at 750p per share, of which 8,118 ordinary shares were placed to raise a cash sum of £60,885 and £10,000 5 per cent. Preference Shares, credited as fully paid up at par. Mr. Nason remains the beneficial owner of each 5 per cent. Preference Share.

(g) The aggregate principal amount of loans provided to the bank is £293,269, at close of business on 17th July 1986 (the latest practicable date before the printing of this document), the aggregate principal amount outstanding under other loan facilities granted to Directors by the Bank was £119,150. There are no other outstanding loans to, nor any guarantees for the benefit of, the Directors granted or provided by any member of the Group.

(h) Save as referred to below, the Directors are not aware of any shareholding (direct or indirect) which, after taking account of sales and purchases made pursuant to the matching arrangements referred to in paragraph 8(e) below, will amount to 5 per cent. or more of the Company's issued ordinary share capital.

	Ordinary shares after the Capitalisation Issue and matching arrangements	Percentage of ordinary share capital following the Offer
Wills Faber p.l.c.	31,400,000	20.8
The Prudential Assurance Company Limited	9,080,000	6.0
No account has been taken of any ordinary shares which may be acquired as a result of applications made under the Offer.		
Wills Faber p.l.c. has indicated that its present intention is to maintain a significant holding in the Company.		

5. Property

The Group has the following principal office premises:

Freehold premises

Location	Approximate area (square feet)
23, 24 & 25 Great Winchester Street, London EC2	16,300
71 Ludlow Wall, London EC2	2,900
13 Danvers Street, St Helier, Jersey	5,200

Leasehold premises

Location	Approximate area (square feet)	Current exclusive annual rental	Rent reviews	Approximate area (square feet)
2nd Merzimez, 2nd, 3rd and 4th Floors, 1 Throgmorton Avenue, London EC2	—	£105,000	24.6.86 and 5 yearly thereafter	6,600
3 & 7 Throgmorton Avenue, London EC2	—	£189,000	24.12.86 and 5 yearly thereafter (with the period of review being subject to review on 24.12.86 and 24.12.2016)	15,900
5 Throgmorton Avenue, London EC2	—	£73,500	24.12.86 and 5 yearly thereafter (with the period of review being subject to review on 24.12.86 and 24.12.2016)	6,700
46 New Broad Street, London EC2	—	£820,000	22.11.85 and 5 yearly thereafter	31,000
Part ground and part 3rd floor, 1111 Bloomsfield Street, London EC2	—	£60,000	24.6.89 and 5 yearly thereafter	3,600
20 Finchley Circus, London EC2	—	proportionately 22,736, increasing to £2,329,000 until 23.6.87 and £2,339,000 thereafter	24.6.80 and 5 yearly thereafter	85,300 (including five shop units of approximately 4,400 square feet aggregate)
Part 3rd and 4th floors, Winchester House, London WC2	—	£218,800	24.6.86 and 5 yearly thereafter	11,700
Part 3rd and 4th floors, Winchester House, Longdon Wall, London EC2	—	£723,930	—	37,700

*None held under an agreement for lease.

8. Arrangements for the Offer

(a) Pursuant to an agreement (the Offer by Tender Agreement) dated 20th June, 1986 between the Company (the Directors), Caesone & Co. ("Caesone") (the Morgan Grenfell Securities Limited ("MGS") 141, Caesone and MGS, acting as agents of the Company, have procured underwriters for all the new ordinary shares at the minimum tender price.

(b) The Offer by Tender Agreement contains (i) representations and warranties given by the Directors (other than Sir Kenneth Davidson and D. V. Palmer) and the Company to Caesone (ii) indemnities given by the Company to Caesone; and (iii) provisions which permit the Offer by Tender Agreement to be terminated by Caesone prior to admission of the whole of the ordinary share capital of the Company, issued and now being issued, to the Official List of The Stock Exchange ("admission") by reason of the Company or the Directors having failed to comply with their respective obligations thereunder or by reason of any of the representations and warranties contained therein not being or having ceased to be, true and accurate in all material respects.

(c) The Company will pay Caesone and MGS amounts equal to 1% per cent. (plus value added tax, where applicable) of the total value (calculated at the minimum tender price) of the respective numbers of new ordinary shares for which they have procured underwriters, which amounts Caesone and MGS will pay to such underwriters as commissions on behalf of the Company. The Company will also pay Caesone a commission of 1% per cent. (plus value added tax of the total value (calculated at the striking price) of the new ordinary shares for which Caesone have procured underwriters. In addition, Caesone will retain a fee (calculated on the basis of the striking price) from the Company in connection with their services as promoters to the Offer. The Company will pay all other costs, charges and expenses relating or incidental to the Offer, including all capital duty, fees and expenses payable in connection with admission, expenses of the receiving bankers and registrars, printing and advertising expenses, postage and all legal, accounting and other professional fees and expenses.

(d) Wills Faber p.l.c. and other major shareholders, whose holdings together amount in aggregate to 91,448,254 ordinary shares, and the Directors, the directors of the Bank of MGS Securities Management and of MGS Securities, former partners of Pembrey & Boyle and Pichon, Demps & Co. now employed within the Group, and their respective spouses, whose holdings together amount in aggregate to 5,528,470 ordinary shares, including in both cases shares conditionally allotted pursuant to the Capitalisation Issue and after taking account of purchases and/or sales under the matching arrangements described in paragraph 8(e) below (all such shareholders together holding 81.5 per cent. of the issued ordinary share capital before the Offer but after taking account of the matching arrangements), former partners of Pembrey & Boyle and Pichon, Demps & Co. now employed within the Group, have agreed not to sell, transfer or otherwise dispose of any such ordinary shares before the announcement of the interim results of the Company for the six months ending 30th June, 1986, which is expected to be held on or after the end of October 1986.

(e) In connection with the Offer, certain shareholders have agreed to sell part of their respective holdings of ordinary shares to other existing shareholders at the price per ordinary share at which applications for ordinary shares are accepted under the Offer (the "matching arrangements"). Such agreements are conditional on admission occurring on or later than 11th July, 1986 and provide for completion to take place on the date of admission.

Details of the purchases and sales under the matching arrangements are set out below:

	Number of ordinary shares
Purchases	
Wills Faber p.l.c.	4,000,000
Deutsche Bank A.G.	409,002
Sales	
Directors of the Company:	
Lord Catto	100,000
C. R. Reeves	32,000
B. A. Hardman	23,000
G. L. Law	30,000
C. F. M. Rawlinson	29,666
G. R. Walsh	36,666
C. M. J. Whittington	37,136
Other shareholders	4,090,534
	4,409,002

*None includes shares agreed to be sold by Mrs. C. F. M. Rawlinson.

(f) The total costs and expenses payable by the Company in connection with the Offer are estimated to amount to £5 million (exclusive of value added tax), based on the minimum tender price. This includes a capital duty of £1.36 million. The total remuneration of Caesone and underwriters (including underwriting commissions) amounts to £2.24 million (exclusive of value added tax), based on the minimum tender price. No costs or expenses of the Offer are being specifically charged to any subscriber hereunder.

(g) The amount payable on application on each new ordinary share is the amount tendered per share by the relevant applicant, being not less than the minimum tender price. The proceeds of the subscription of the new ordinary shares, calculated at the minimum tender price, will be £136 million which, after expenses to be borne by the Company estimated at approximately £5 million (exclusive of value added tax), produces a net amount to be received by the Company of £131 million. For each five pence by which the striking price exceeds the minimum tender price, the Company will receive a further £13.8 million (after expenses). The issue premium per share will be the difference between the striking price and £1.

9. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or its subsidiaries within the two years immediately preceding the date of this document and are, or may be, material.

(a) An Agreement ("the PB Business Option Agreement") dated 4th March, 1985 between the persons defined as the Existing Partners (including G. M. Nason) (11), the Company (12) and MGS Securities under its former name, Morgan Grenfell Securities Limited (13) as amended and/or supplemented by its a letter dated 4th March, 1985 from the Company; (14) an Agreement relating to New Partners dated 4th March, 1985 between the same parties and the persons defined as the New Partners, (15) two letters from the Company dated 4th September, 1985 and 23rd October, 1985 relating to the formation and operation of Pembrey & Boyle Financial Services Limited, (16) a letter from the Company dated 9th September, 1985 relating to Clause 4 (MGS) and (13) of the PB Business Option Agreement ("the Share Option Agreement") dated 21st February, 1986 between the Existing and New Partners and B. A. Poston (together "the Partners"), the Company and MGS Securities, whereby options were granted to the Company to require the Partners and MGS Securities to sell, and to the Partners and MGS Securities to require the Company to purchase, the entire business and undertaking of Pembrey & Boyle in exchange for the sale to the Partners of ordinary shares, credited as fully paid up, having an aggregate value determined under the 1985 Business Option Agreement of £3,104,343, the issue to the Partners of £2,514,478 nominal of 5 per cent. Preference Shares and the payment of £544,862 cash to MGS Securities, such options having been exercised on 3rd March, 1986, by its an amending Agreement dated 21st March, 1986.

The transfer of the business was completed on 14th April, 1986 when the Company issued to the Partners a total of 41,923 ordinary shares of which 281,390 such shares were placed to raise a cash sum of £2,514,478 net of expenses, credited as fully paid up at 750p per share, and 2,442,158 5 per cent. Preference Shares, credited as fully paid up at par. The rights attaching to the 5 per cent. Preference Shares are summarised under "Memorandum and Articles of Association" above.

(b) An Agreement ("the PD Business Option Agreement") dated 2nd April, 1985 between the persons defined as the Existing Partners (11), Pichon Demps & Co. as unlimited company, then called Pichon Demps Securities ("PDS") (12), the Company (13) and MGS Securities under its former name, Morgan Grenfell Securities Limited (14), and an Agreement ("the Share Option Agreement") dated 2nd April, 1985 between the Existing Partners (11) and the Company (12), both such agreements as amended by an Agreement dated 11th April, 1986 between the persons defined as the Existing Partners (including the Existing Partners other than those who had by then ceased to be general partners in Pichon, Demps & Co. (11), PDS (12), the Company (13) and MGS Securities (14) whereby:

(i) in the PD Business Option Agreement, options were granted to the General Partners to require PDS to purchase, and to PDS to require the General Partners to sell, the business of Pichon, Demps & Co. in exchange for the issue by PDS to the General Partners of up to 21,000,000 Ordinary Shares of 1p each in PDS and a cash payment of £6,145,196, and

(ii) in the Share Option Agreement, options were granted to the General Partners to require the Company to purchase, and to the Company to require the General Partners to sell, the shares in PDS then owned pursuant to the PD Business Option Agreement in exchange for the issue to the General Partners of ordinary shares in the Company, credited as fully paid up, having an aggregate value determined under the Share Option Agreement of up to £6,000,000 and the issue to the General Partners, at par and its value, of up to 115,000,000 nominal of 5 per cent. Loan Stock.

PDS ceased in option on 12th April, 1986, issued to the General Partners a total of 20,088,850 Ordinary Shares of 1p each in PDS and made a cash payment of £6,145,196 to one of the General Partners. The Company exercised its option on 13th April, 1986 and issued to the General Partners a total of 20,055 ordinary shares of which 281,379 such shares were placed at 750p per share to raise a cash sum of £2,106,220 net of expenses, credited as fully paid up at 750p per share, and £4,949,169 nominal of 5 per cent. Loan Stock at par and for value.

(c) An Agreement dated 9th September, 1985 between the persons defined as the Vendors (11), Morgan Grenfell Loans Holdings Limited under its former name, Morgan Grenfell Property Services Limited ("the Purchaser") (12) and the Company (13) whereby (i) the Purchaser purchased on 9th September, 1985 from the Vendors an aggregate of 39,700 'A' Shares of £1 each and 49,000 'B' Shares of £1 each in the Purchaser; (ii) the Company purchased on 18th September, 1985 from the Vendors the 39,700 'A' Shares so issued, in exchange for the issue to the Vendors of 30,000 ordinary shares in the Company credited as fully paid up at 300p (of which 35,423 such shares were placed at 300p per share to raise a cash sum of £10,626,900) and the Loans Holdings Limited ("the Loans") (14) ("the Vendor's Options") to require the Company to purchase the 49,000 'B' Shares referred to above; and (iii) the Vendors granted to the Company options ("the Company's Options") to require the Vendors to sell their 'B' Shares to the Company. An amending agreement was entered into on 9th May, 1986 between the same parties and on that date a further 2,458 'B' Shares were acquired by the Company in consideration of the issue to the relevant Vendors of 35,390 ordinary shares in the Company credited as fully paid up at 750p per share.

The Vendor's Options can, subject to a cumulative maximum in any year, be exercised in each of the years 1987 to 1994 (inclusive). The Company's Options may be exercised on the last day in 1985 on which the Vendor's Options can be exercised or, if earlier, at such time as the number of 'B' Shares held by the Vendors in aggregate, or in relation to an individual Vendor the number held by him, falls below certain limits.

The option price (except as described below) is the price agreed between Morgan Grenfell Loans Holdings, at least 75 per cent. of the 'B' Shares held at the relevant date by Vendors and the Company or, as default, as determined by Caesone & Co. as, broadly, 90 per cent. of the market price as if such shares had been quoted on the Stock Exchange. The Company may elect to satisfy payment by the allotment of ordinary shares of equivalent value, based on their market price, which shares, if required by the Vendor, will be placed. If any Vendor has ceased to be employed by the Group at the time in certain specified circumstances, the price per 'B' Share payable to him is 75% of the option price; and

(d) the Offer by Tender Agreement referred to in paragraph 8(a) above.

10. Taxation

(a) When paying a dividend, the Company has to account to the Inland Revenue for an amount of advance corporation tax ("ACT") at a rate related to the basic rate of income tax, currently 29.7% of the cash dividend paid. Accordingly, the ACT related to a dividend currently equals 29 per cent. of the cash dividend plus the ACT. For shareholders resident in the UK, the ACT paid is available as a tax credit, which, insofar as shareholders so resident may set off against their total income tax liability, on appropriate cases, reduces or cancels a UK resident corporate shareholder will not normally be liable to UK corporation tax on any dividend received and may be able to reclaim the associated tax credit in certain cases.

(b) Whether a shareholder who is resident in a country other than the UK is entitled to a payment from the Inland Revenue of all or part of any tax credit in respect of dividends on such shares depends in general on the provisions of any double tax convention or agreement between such country and the UK. Persons who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming payment of the relief or credit that may be claimed for any such tax credit in the jurisdiction in which they are resident.

(c) The Company is not, since incorporation has not been a close company as defined in the Income and Corporation Tax Act 1970 ("ICTA").

(d) The Directors have not been advised that no claim arises in particular under section 464 of ICTA and section 88 of the Capital Gains Tax Act 1979) are required in respect of the Capitalisation Issue, the Offer or any other related transactions, and accordingly none have been sought. The Directors have been advised that no taxation liability should arise as a result of the Capitalisation Issue.

(e) No indemnities in respect of taxation have been given to the Company or any of its subsidiaries in connection with the Offer.

11. Miscellaneous

(a) The Bank is a party to legal proceedings in the US, seeking reimbursement from the Republic of Palau of amounts paid by the Bank and four other banks (for which it is acting as co-guarantor) of a total of US\$1.5 million to the Republic. In a connected action in the UK, the Bank is simultaneously pursuing a claim under the political risk insurance arranged by the Bank on behalf of all the co-guarantors, the underwriters dispute liability. Although it is too early to forecast the outcome of these actions or any potential settlements or other related actions, it is the opinion of the Directors that the ultimate disposition of these disputes will not have a significant effect on the Group's financial position.

(b) No member of the Group is or during the previous twelve months has been engaged in any other legal or arbitration proceedings, whether civil, criminal, or during which period have had a significant effect on the Group's financial position nor, so far as the Directors are aware, are any such legal or arbitration proceedings pending or threatened.

(c) The financial information contained in this document does not constitute full accounts within the meaning of section 254 of the Act. Full published audited consolidated accounts of the Group for each of the five financial years ended on 31st December, 1985, which were prepared in the manner authorised by banking companies under the Act or, as the case may be, the Companies Act 1948 to 1981, have been delivered to the Registrar of Companies, Spicer and Piggott, Chartered Accountants, of Fray, Crutcher, Frays, London EC3N 2NF have been an unqualified report in respect of each of such accounts.

(d) Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 31st December, 1985.

(e) Spicer and Piggott and Peat, Marwick, Mitchell & Co. have each given and have not withdrawn their respective written consents to the issue of this document with the inclusion of the Accounts' Report and their year letter and the references thereto and to themselves respectively in the form and content in which they are included.

(f) Caesone & Co. have given and have not withdrawn their written consent to the issue of this document with the inclusion of their letter and the references thereto and to themselves in the form and content in which they are included.

(g) The Directors' policy is to seek to maintain insurance in respect of all their risks normally insured against by persons carrying on the business conducted by the Group and at levels that, in their view, reflect the risks involved. However, it should be noted that there has been a major contraction in the commercial insurance market for all forms of professional indemnity cover which has been especially severe for financial institutions and for those companies with operations in the US. Currently the Group, in common with other financial institutions, has not been able to purchase the same amounts of cover as before, nor as much as the Directors would wish, particularly in respect of exposure in the US. Should such cover become available, the Directors will have regard to the premiums which would be payable as well as the extent of the risks covered.

(h) The Directors believe that all members of the Group have the approvals, consents, licences, registrations and memberships required to conduct their businesses in their respective territories. In particular, the Bank is a recognised bank under the Banking Act 1979 and is an exempt dealer under the Prevention of Fraud (Investments) Act 1958 and has a standard licence under the Consumer Credit Act 1974; other members of the Group have licences under the Consumer Credit Act 1974 in respect of their relevant activities. MGS Securities, which Pichon Demps & Co. is a subsidiary, is an external member of The 50:50 Exchange and Morgan Grenfell Securities Limited and Morgan Grenfell Government Securities Limited are members of The Stock Exchange, Morgan Grenfell Financial Futures Limited is a member of the London International Financial Futures Exchange and of the International Commodities Clearing House. The Bank of England has indicated that it is willing in principle to deal with Morgan Grenfell Government Securities Limited as a pledged market maker in the future structure of the gilt-edged market. Morgan Grenfell Investment Services Limited is a registered investment adviser under the United States Investment Advisers Act of 1940 and Morgan Grenfell Capital Management Inc. has applied to become so registered. Morgan Grenfell Inc. is a member of the National Association of Securities Dealers, Inc., a member firm of the New York Stock Exchange and is registered with the securities and Exchange Commission under the United States Securities Exchange Act of 1934 as a broker or dealer. It is the intention that, where appropriate, members of the Group should make applications to join the relevant self-regulating organisations envisaged by the Financial Services Bill.

12. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the offices of Slaughter and May, 35 Abchurch Lane, London EC4A 3DF for a period of fourteen days following the date of this document:

- (a) the amended Memorandum and the conditionally adopted new Articles of Association of the Company;
- (b) the published audited consolidated accounts of the Group for the two financial years ended 31st December, 1984 and 1985;
- (c) the rules and trust deeds relating to the 1974 Scheme, the 1984 Scheme, the 1986 Scheme, the UK Share Participation Scheme and the Overseas Share Participation Scheme;
- (d) the Trust Deed dated 11th January, 1984 constituting the US Dollar Floating Rate Note Due 1994;
- (e) the instrument dated 13th April, 1986 constituting the 5 per cent. Loan Stock;
- (f) the Accounts' Report and the statement of adjustments relating thereto;
- (g) the material contracts referred to in paragraph 9 above; and
- (h) the letters of consent referred to in paragraph 11(d) above.

Dated 20th June, 1986

USM REVIEW

Patience could pay off at steel buyout firm

The glut of new issues on the USM is producing investor fatigue.

Such choice is available that an issue has to have a very exciting story to attract interest and the debut of Thames Television and Morgan Grenfell on the main market this week has temporarily directed concentration elsewhere.

This situation is producing a number of opportunities for those prepared to be patient. One new issue reported to have received a lukewarm reception is Coated Electrodes International.

This Yorkshire business was a management buyout from the British Steel Corporation in 1983, and despite the vogue for engineering stocks in the last year, anything connected with the steel industry still arouses deep suspicion.

This, however, is a typical case of a niche business which is capable of growth despite

operating in a difficult environment.

Coated Electrodes has established the leading position in the application of protective coatings to graphite electrodes used in electric arc steelmaking (which now represents about 30 per cent of the Western world's steel production).

The technology, based on a Bulgarian-patented process pioneered in the 1960s, achieves a reduction of about 20 per cent in graphite consumption with significant cost savings.

Since the buyout, the group has more than doubled profits from £509,000 to £1.15 million, but the last two years have been flat because the company bought out BSC's remaining 48 per cent shareholding at the beginning of 1985, leading to a rise in interest charges.

The group has also faced hefty start-up costs in its French operation which is

now beginning to contribute to profits.

Coated Electrodes operates from factories in Britain and Scandinavia, which are relatively mature markets, and in the last three years, has expanded into France, the Benelux countries and Canada, and is starting on the much larger markets of the United States and Japan.

This overseas development should produce further profit growth in the next three years, while the ventures are relatively low-risk in the large Canadian and Japanese markets, and income will be in the form of royalties.

The shares have been placed at 84p, which puts the historic price-earnings ratio for the year to March 1986 at 9.8. With a profit advance of 30 per cent to £1.5 million expected in the current year, the rating drops to 8.6.

This discount to the average market rating should narrow. One of the founder companies of the USM in 1980 was back in the news this week. Automatic, formerly called Helamat, the heel bar chain,

announced the acquisition of Normand Sweet, a private company which brings 18 new branches in Southern England, mainly in Hampshire.

The company is paying a maximum of £439,500 for the acquisition, and most of the purchase price will be in cash. At present, Normand Sweet makes small losses, but Automatic believes that this can be turned to profits once its larger chain.

Automatic itself has had a volatile record as a public company, but trading in the current year is going well.

The interim profits showed an increase of 22 per cent to £153,000, and the traditionally more buoyant second half could take the preliminary figures for the year to April - expected to be announced in August - to about £550,000. The benefits of the Normand Sweet acquisition could enable the company to make a further advance to £700,000 in the current year.

Isabel Unsworth

The author is a member of the smaller companies unit at Phillips & Drew

FOREIGN EXCHANGES

STERLING SPOT AND FORWARD RATES

Table with columns for Market rates, Sterling index, and various currency rates (e.g., 1 month, 3 months, 6 months).

OTHER STERLING RATES

Table listing exchange rates for various countries including Argentina, Australia, Brazil, Canada, etc.

DOLLAR SPOT RATES

MONEY MARKETS AND GOLD

Table containing EURO MONEY DEPOSITS %, GOLD, and TREASURY BILLS with various interest rates and prices.

UNLISTED SECURITIES

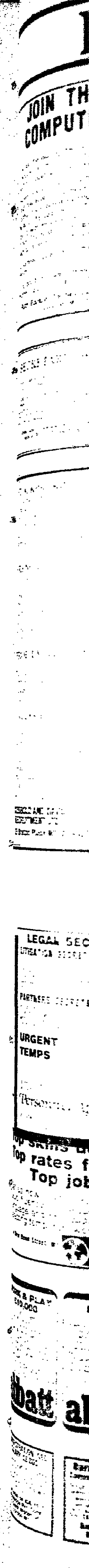
Large table listing unlisted securities with columns for Company, Price, Change, and other financial metrics.

COMPANY NEWS

ROWE EVANS INVESTMENTS: Dividend 1.5p (2.25p) for 1985, payable on July 31. Turnover £2.76 million (£4.51 million). Pretax profit £2.02 million (£3.88 million). Extraordinary dividends: nil (credit £322,000). Earnings per share, before extraordinary items, 3.52p (6.05p) and afterwards, 3.52p (7.16p).

MORGAN GRENFELL GROUP PLC

Application form for Morgan Grenfell Group plc. Includes terms and conditions of application, procedure for application, and a detailed application form with numbered sections 1 through 8.



LA CRÈME DE LA CRÈME

JOIN THE WORLD OF COMPUTER GRAPHICS

Texax, the leading distributor of Computer Graphics is looking for an energetic secretary to join its dynamic team in the company's new high tech European and UK Headquarters in West London.

We are looking for a top calibre secretary to join our team and share the responsibilities of the exciting overworked secretaries. The successful candidate will receive training on our graphics systems in order to act on behalf of the salesmen in their absence, coordinating, monitoring and dealing with enquiries, and organising the running of the Technology Centre. The position also encompasses general telephone duties, and secretarial work for the rest of the team.

An excellent salary and pension scheme will be rewarded to the right person.

If you are bright, well presented, articulate and have a good telephone manner, fast typing and word processing skills please apply to:

Ruth Barson, Texax Ltd, Meridian House, 100 Hanger Lane, London W5 1EZ Telephone: 01-891-0121

SOARING TEMPERATURES HOLIDAY FEVER

Not only do we continue to pay the best hourly rates for senior level temporary secretaries in Central London, but in addition we are now awarding a holiday bonus from the 1st July!

There are no strings attached - all you have to do to claim your bonus of £200 is work for 150 hours within any 52 week period. You can claim it twice in one year, and it's even possible to claim 3 times, although you will be working very long hours!

To join the team you will need speeds of 100-60, 2 years' Director level experience in London, and a thoroughly professional approach. Start earning your holiday bonus by ringing us now for an immediate appointment or a factsheet:

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What's the difference between Basic W/P work and Advanced?

About £30*

Manpower takes care to assign its secretaries to their skills, personality, and type of work. So we pay accordingly. If you can handle advanced word processing, we'll give you assignments that will pay you around £30 a week more than someone of 'basic' level.

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Talk to us about pay... and all the other benefits. Call us now.

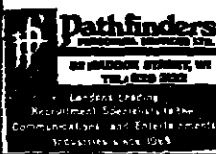
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SECRETARY-OFFICE ADMINISTRATOR

A major international Trade Association seeks an experienced secretary/office administrator for its office in London W2.

In addition to providing secretarial support to the General Manager, including the arrangement of meetings in Rome and the UK, the administrative duties involve those associated with the management of a small but busy office. The successful candidate must have several years experience of office work and Wordstar and audio skills. A knowledge of French and shorthand would be an advantage. Salary £24,000 per annum (flexible from available 5 weeks holiday).

Please apply, enclosing your full CV, to Dr M B Lovett, 6 Belsmont Street, London W2 2SD marking your envelope Private Ref GRK. No Agencies.

AD. AGENCY seeks P.A./Sec. to Dir. of Media Promotions Division.

We need a capable, efficient person who is able to cover the office, work on own initiative, has pleasant telephone manner, deal with top clients, etc. With your sound office/sec. experience get in on the ground floor of this new venture. W.P. an advantage.

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The MD of this small but well established company needs a Secretary who thrives on working under pressure. No shorthand but fast accurate typing is essential. Aged 25-30.

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One of the leading contemporary galleries is looking for a Secretary/Gallery Assistant. The successful applicant must be well spoken and well presented as you will be in constant touch with VIP clients and the public. Good organisational skills are essential to aid the smooth running of this well established gallery. Hours 9.45am - 5.30pm + 3 hours Sat. Aged 22+. Speeds 60 typing/rusty shorthand.

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RECRUITMENT CONSULTANTS

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PA to Chairman
£9,000

This is a richly endowed opening for a well-organised secretary of at least one year's experience. Our client is a charitable body which promotes excellence in art and design. Much of your work will relate to promotion of events, awards, competitions and student training. In part, you will enjoy an executive role plus lots of liaison, functions and general admin. Good shorthand and typing are essential. Age 20+. Please telephone 01-493 5787.

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requires assistant receptionist/bookings person. You should be bright, outgoing and unflappable and at least 21+. You'll need to type but above all you must be great on the phone. A background in the advertising business would be an advantage.

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Receptionist/telephonist required for attractive new offices in the City. Plesey IDSD training given. Must be well-groomed and well-spoken. The hours are 8.30 a.m. - 6.00 p.m. with salary to match. Perks include non-contributory pension scheme, BUPA, season ticket loan and free lunch.

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Demanding challenging role in busy professional office. Close to Morgan, providing a stimulating and dynamic environment. Excellent benefits. As well as shorthand and typing you will be responsible for the administrative duties of the office. Interview with the Director of the company. Age 27-35. Call Rose Sanders.

Love + Tate
Appointments

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Veronica Laps on
01-937 6525

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Working for Chairman and Managing Director of multi-national organisation. Excellent short-term potential. Skills, confidence and flexibility are paramount as is good shorthand and typing. A private education is appropriate for this post. A bonus will also be paid to the successful candidate. Salary is negotiable and fully commensurate with experience. Call Jane on 01-408 1621.

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on **01-352 0102**
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For the office of the MD of a property Co. in Baker Street, NW1. Excellent shorthand & typing essential. Excellent benefits. Minimum age 30+. Salary £8,500.

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Mr. Small.

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Appointments

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(£12,000 pa)

Super-efficient versatile person urgently required to handle admin, secretarial, retail switchboard and many other duties plus PA to Chairman & Director of leading group of publishing and creative services companies working for ad agencies, publishers and large corporate companies direct.

27 yrs-35 yrs. Warm personality. Comprehensive knowledge of publishing, print production and advertising.

Full CV in strict confidence to
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The advertising and public relations world offers great scope and involvement for well educated young secretaries. Lots of client liaison, media training and above all a fast moving lively environment. Let us help you break into the advertising world.

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Covent Garden
BUREAU
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CHRISTINE WATSON LTD

2nd Floor, 121 Old Street, W1

COLLEGE LEAVERS
TO £8,000

We currently have several vacancies for secretaries with good shorthand/typing skills to join leading City and West End.

Call immediately for City and West End.
01-935 8235
(Rec Cons)

Career Move
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£12,000 neg

Superb opportunity for career minded PA to work with an international company. Should be able to handle complete control of office. Extensive travel. Good benefits. Ring Charlotte Brown.

01 626 5283
Staffplan Rec Cons.

PROPERTY DEPT.
£9,500 - 10,000.

A good standard sec. with some W.P. to assist in the day to day running of a busy office. Interview with the Director of the company. Age 27-35. Call Rose Sanders.

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SUMMER 86 COLLEGE LEAVERS
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We have vacancies in ALL the above for young, bright college leavers with good secretarial skills and lots of initiative, who are looking for their first step in an interesting career. For further details please call Lucy or Harriet on 01-581 2977/2947.

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For further details please call Harriet Middlechild on 01 581 2977/2947

SECRETARY/TYPIST

Required to work with 3 others in busy architects office in South Kensington. Fast accurate typing essential. Please write with CV to Elizabeth Hunt Recruitment Consultants, 18 Grosvenor Street, London SW1 2AN.

01-581 2977

COLLEGE LEAVER
£7,000 - CITY

Super secretary needed for busy City office. The position involves managing the office and providing the necessary back-up for a growing business. Must be able to use word processor and computer.

This is an excellent opportunity for a mature and educated person (minimum A Levels) with an excellent secretarial and computer background. Please send a brief CV to:

BOX 367

PERSONAL SECRETARY

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BOX 367

OFFICE ADMINISTRATOR
£11,000

Book keeping to £11,000. Office administrator in busy office. The position involves managing the office and providing the necessary back-up for a growing business. Must be able to use word processor and computer.

This is an excellent opportunity for a mature and educated person (minimum A Levels) with an excellent secretarial and computer background. Please send a brief CV to:

BOX 367

RECEPTIONIST/TELEPHONIST

A bright person is required to work in a busy office. The position involves managing the office and providing the necessary back-up for a growing business. Must be able to use word processor and computer.

This is an excellent opportunity for a mature and educated person (minimum A Levels) with an excellent secretarial and computer background. Please send a brief CV to:

BOX 367

EXECUTIVE PA
£10,000 +

Public school and well equipped office. The position involves managing the office and providing the necessary back-up for a growing business. Must be able to use word processor and computer.

This is an excellent opportunity for a mature and educated person (minimum A Levels) with an excellent secretarial and computer background. Please send a brief CV to:

BOX 367

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£13,500 neg

Demanding challenging role in busy professional office. Close to Morgan, providing a stimulating and dynamic environment. Excellent benefits. As well as shorthand and typing you will be responsible for the administrative duties of the office. Interview with the Director of the company. Age 27-35. Call Rose Sanders.

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Appointments

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Senior Partner of this small family firm, SW1, requires a secretary/administrator. Shorthand and some audio are needed. Will cross train on word processing. Pleasant working environment. Four weeks holiday + S.T.L.

For interview telephone
Veronica Laps on
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Small design company in busy office. The position involves managing the office and providing the necessary back-up for a growing business. Must be able to use word processor and computer.

This is an excellent opportunity for a mature and educated person (minimum A Levels) with an excellent secretarial and computer background. Please send a brief CV to:

BOX 367

ACADEMICALLY INCLINED

Required to work with 3 others in busy architects office in South Kensington. Fast accurate typing essential. Please write with CV to Elizabeth Hunt Recruitment Consultants, 18 Grosvenor Street, London SW1 2AN.

01-581 2977

EXECUTIVE SECRETARY
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Public school and well equipped office. The position involves managing the office and providing the necessary back-up for a growing business. Must be able to use word processor and computer.

This is an excellent opportunity for a mature and educated person (minimum A Levels) with an excellent secretarial and computer background. Please send a brief CV to:

BOX 367

SECRETARY/PA
£13,500 neg

Demanding challenging role in busy professional office. Close to Morgan, providing a stimulating and dynamic environment. Excellent benefits. As well as shorthand and typing you will be responsible for the administrative duties of the office. Interview with the Director of the company. Age 27-35. Call Rose Sanders.

Love + Tate
Appointments

SECRETARY/PA
£11,000

Senior Partner of this small family firm, SW1, requires a secretary/administrator. Shorthand and some audio are needed. Will cross train on word processing. Pleasant working environment. Four weeks holiday + S.T.L.

For interview telephone
Veronica Laps on
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APPOINTMENTS

HORIZONS

A guide to career choice

Banking on high-pressure

The City has a reputation as a cosy club for public schoolboys. In reality it is highly competitive. We compete ferociously against ourselves against the Americans and against everyone else," says Andrew May, personnel director of the merchant bank, N.M. Rothschild and Sons.

"A lot of people are out to make their reputations. They have the far-sightedness to realise that they have to pull their fingers out to get on. The work is strenuous mentally and physically."

Merchant banks, such as Rothschild's, are reshaping themselves to meet this competition and to cope with the rapid changes which are transforming the financial world. Barriers between traditional institutions are crumbling, new alliances being forged, and big conglomerates set up, offering a wide range of financial services.

With the so-called big bang next October, outsiders will be permitted to acquire a 100 per cent stake in stockbrokers or jobbers. Already a number of merchant banks have taken advantage of this free-for-all and Rothschild's are establishing a joint-owned international operation with stock jobbers, Smith Brothers.

There is really no accurate definition of a merchant bank, though its clients tend to be governments and institutions rather than individuals. They have no network of branches like the clearing banks but operate from their head offices (normally in London) and a few have

While there is no accurate definition of a merchant banker, no one disputes it is a highly competitive profession. Joan Wells looks at the requirements necessary to succeed in this career



accurate: the consequences of a mistake on the success of the activity and the reputation of the bank can be crucial.

Corporate finance is now considered an exciting area

established branch offices in the main provincial cities of the UK. Those with international business have strong overseas representation either through overseas subsidiaries or affiliates or representative offices or through correspondent banks.

The three main divisions of N.M. Rothschild consist of asset management, corporate finance and banking. On the investment side a young graduate may be managing funds on a discretionary basis. Alternatively, he may be involved in the provision of advice on a specialist area of investment, be it currencies, commodities, property or equities.

Corporate finance, in the view of Andrew May, is the most exciting side. This consists of advising on and organising new issues, rights issues, takeovers, mergers and acquisitions, divestment, and so forth.

"We don't wait for clients to come to us and say, 'We would like to do a takeover'. We look at our client's finances from day to day and when we see that they are getting a bit cash rich, we say, 'Now is the time to diversify and make investments'."

Rothschild's are advising British Gas on privatization. Playing with such big figures, the work must be absolutely

accurate: the consequences of a mistake on the success of the activity and the reputation of the bank can be crucial. Just as exciting - though on a smaller scale - because one is helping to create something, is the financing and funding of the building of a hydroelectric power station, a railway or a copper mine.

Money has to be raised, too, in the banking division, when a corporate customer wants to borrow money, perhaps to build a factory. In this department, graduates analyse the operation, and work out what the bank can charge by way of interest, in view of what it has to pay to obtain the money. In the case of larger loans, possibly to a government, for hundreds of millions of pounds, the risk is spread between a number of banks.

Handling large amounts of money is a stressful occupation at any time, but perhaps the most pressurised area of merchant banking is dealing in currencies (and in Rothschild's case bullion). In the autumn of 1985 the price of gold jumped about 20 dollars, when Japanese brokers misinterpreted a news flash to the effect that Larry Adler was ill. They thought President Reagan had died.

For all types of work, merchant banks recruit only the ablest candidates. Some two thirds of the hundred or so graduate entrants to the sixteen accepting houses each year come from Oxbridge, the rest from universities such as Bristol, Durham, Edinburgh, Exeter, London and York. Typically, a school-leaver entrant

will have two, three or even four A level passes, together with five or six O levels, including mathematics and English.

But academic excellence is not the only criterion. Extra-curricular achievements are very important. Graduates should be of an entrepreneurial cast of mind, well-motivated, displaying leadership qualities, and with good social skills. They have to be able to get on well not only with the team with whom they work, but also with a wide spectrum of clients ranging from a country's finance minister to a pension fund trustee who may come from a very humble background.

School-leavers can usually expect to spend their early years in clerical positions. Some will later become dealers in foreign exchange, bullion or investments. Some may travel to an overseas branch to fill a number of appointments. Others may enter one of the service divisions of the bank. Training is given to all new staff and most school-leavers study for professional or technical qualifications.

Graduate entrants spend about three months on an induction programme, gaining varied work experience before entering a specialist division. Certain divisions may subsequently suggest specific training. A number of graduates, for example, complete the Diploma of Corporate Finance course at the London Business School.

Many graduates will travel, especially when an overseas project is being put together. Rothschild's graduate brochure refers to seven graduates recruited in the

Handling large amounts of money is a stressful job

one year. Within three years there was one each in Mexico, Melbourne, Hong Kong, Port Moresby and Singapore.

Apart from travel, what else may entrants to merchant banking expect? Certainly not to work regular office hours. When clients want advice or finance, employees have to jump to it. In arranging a loan or merger, there are strict time limits within which to act. In corporate finance, in particular, one can find oneself working for two or three months at full stretch except for sleeping and eating. Social life can be ruined.

And the compensations? Excellent pay, with starting salaries of £9-£10,000 for new graduates, and the chance of earning £20,000 a year within three to five years, and then of negotiating one's own salary to astronomical heights. Also the usual banking fringe benefits, such as cheap loans for house buying, free health membership, and profit-sharing schemes.

It is a fast-moving, competitive way of life, which attracts many thousands for a few hundred vacancies. Those who stay the course thrive on pressure and enjoy a tough working environment.

Further information is available from The Accepting Houses Committee, Granite House, 101 Cannon Street, London EC4N 5BA.

UNIVERSITY APPOINTMENTS

UNIST University of Wales Department of BUSINESS AND ECONOMICS

Vacancies exist for four permanent lecturers in this fast growing Department in the following areas: ACCOUNTANCY AND FINANCE (2) MARKETING QUANTITATIVE METHODS Salary: £8020 - £15700 per annum Requests (quoting Ref. D76 - A,B or C) for details and application form to Staffing Office, UNIST, PO Box 68, Cardiff CF1 3XA. Closing date: 16 July 1986.

UNIVERSITY OF ABERDEEN DEPARTMENT OF FORESTRY RESEARCH FELLOW

Required as soon as possible for a period of 3 years to lead a Department of Energy and European Community supported project "Trials of equipment for harvesting, processing, storing and transporting wood for fuel". Experience with timber harvesting, work study or computer simulation modelling an advantage. Must be prepared to travel overseas. The applicant should have a PhD or equivalent in Forestry, Engineering or related discipline. A clean driving licence is essential. Salary £8,020 - £12,780 per annum on the Range IA Scale or £11,790 - £12,780 on the Range II Scale (for Research and Analogous Staff) (under review) depending on qualifications and experience. Further particulars and application forms from the Personnel Office, The University, Regent Walk, Aberdeen AB9 1FX, to whom applications (2 copies) should be lodged by 18 July 1986 (Ref No EL/039).

UNIVERSITY OF NEWCASTLE UPON TYNE

SPONSORED RESEARCH AND INDUSTRIAL LIAISON REGISTRAR'S OFFICE

Applications are invited for appointment as SENIOR ASSISTANT REGISTRAR concerned primarily with industry liaison, external research grants and contracts, internal research support and the commercial exploitation of research results. Candidates should be suitably qualified and have had relevant experience. Salary will be at an appropriate point on the Administrative Grade III scale: £14,870 - £16,625 per annum according to qualifications and experience. Appointment will be made from as early a date as possible. Further particulars may be obtained from the Senior Assistant Registrar (Establishments Section), The University of Newcastle upon Tyne, 6 Kensington Terrace, Newcastle upon Tyne NE1 7RU, with whom 12 copies, giving the names and addresses of three referees, should be lodged not later than 18th July 1986.

UMIST Department of Management Sciences A LECTURESHIP IN MANAGERIAL ECONOMICS (RE-ADVERTISEMENT)

Applications are invited from candidates interested in the economics of business organisation and strategy for the above appointment, which will be filled under the UGC's New Blood criteria. Candidates should demonstrate an ability to develop existing work on the operation of internal capital markets within companies. The person appointed will be part of the Business Economics group of staff in the department and will be expected to contribute to teaching in managerial economics generally and business strategy in particular. Commencing salary will be within the scale of £8,020 - £15,700 pa (under review). Informal enquiries may be made to Professor J F Pickering or Dr T A J Cockerill, Department of Management Sciences - Tel: 061 236 3311 - exts 2186 and 2255. Requests for application forms and further particulars, quoting reference MS/87, should be sent to The Registrar, Room 39, UMIST, P O Box 88, Manchester M60 1QD. The closing date is 11 July, 1986.

UNIVERSITY OF CAMBRIDGE Faculty of Economics and Politics University Assistant Lecturer

Applications are invited for an Assistant Lectureship for appointment on 1st October 1986 or as soon as possible thereafter. The Appointments Committee intend to make an appointment in the field of international economic development. Applications will be especially welcome from candidates who have interests in one or more of the following fields: (i) economics of less developed countries; (ii) international financial institutions; (iii) South and South-east Asian economies. The appointment will be for three years, with the possibility of reappointment for two years. The present salary scale for Assistant Lecturers is £8,050 to £10,375 p.a. Further information may be obtained from the Secretary of the Appointments Committee for the Faculty of Economics and Politics, Sidgwick Avenue, Cambridge, CB2 3RQ, to whom applications (ten copies), including a curriculum vitae and the names of not more than three referees, should be sent so as to reach him not later than Friday 25 July 1986.

UNIVERSITY COLLEGE OF SWANSEA Chair of Electronic Materials and Lecturer in Electronic Materials

Applications are invited for the Chair of Electronic Materials (financed by the Crown Corporation) in the Department of Materials Engineering. The person appointed will be expected to develop substantial research activities and teaching programmes in close collaboration with the Department of Electrical and Electronic Engineering and the Crown Corporation. The Chair Professor will be closely associated with the appointment of the New Blood Lecturer in Electronic Materials in the Department of Materials Engineering for which applications are also invited. The salary of the Chair Professor will be not less than £16,900 per annum and that of the New Blood Lecturer on the scale £8,020 - £15,700 per annum. Further particulars may be obtained from the Personnel Office, University College of Swansea, Singleton Park, Swansea, SA2 8PP, to which office they should be returned by July 14, 1986 for the Chair and by August 4, 1986 for the Lecturer.

UNIVERSITY OF BRISTOL Department of Physics and the National Physical Laboratory Postdoctoral Fellow

We invite applied physicists and engineers to apply for a Postdoctoral Fellowship at the University of Bristol to further the development of a new device for measuring microwave fields. The proposed work, which won the 1985 National Physical Laboratory Metrology Award, would be carried out under the supervision of Professor J. F. Nye, FRS, the person appointed would be expected to spend the major part of their time working at the N.P.L. on this topic. The appointment will be for three years, with a salary in the range of £11,790 - £15,700 plus Outer London Weighting. There would be a possibility that a permanent appointment at the N.P.L. could follow. Applications, with curriculum vitae, details of research and development experience and names and addresses of two referees, should be sent by July 3, 1986 to Professor J. F. Nye, H. H. Wills Physics Laboratory, Tyndall Avenue, Bristol, BS8 1TL, who can supply further particulars. The closing date for receipt of applications is 30 July.

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ENJOY A TOP SECRETARY COURSE IN BOURNEMOUTH

ENGLISH FOR DIVERSE STUDENTS male or female. age 16-21. Accommodation available. New term: 21st July. Apply in writing. The Secretary, St. Wilfred's, 10, Victoria Road, Bournemouth, Dorset, BH1 4HS.

UNIVERSITY OF LONDON CHAIR OF PRIMARY HEALTH CARE TENABLE AT UNIVERSITY COLLEGE LONDON AND THE MIDDLESEX HOSPITAL MEDICAL SCHOOL JOINTLY

The Senate invite applications for the above Chair, which has become vacant on the retirement of Professor J T Scates. The Chair carries with it an Honorary Consultant Contract with the Bloomsbury Health Authority. Applicants should be capable of leading research and harnessing established industrial links. The successful candidate will be expected to take up the post in 1987. Applications (11 copies) must be received not later than 30 July 1986 by the Teachers' Section (T), University of London, Malet Street, London WC1E 7HU, from whom further particulars should first be obtained. The closing date for receipt of applications is 30 July. Confirmed on next page.

Posts

SLAUGHTER AND MAY are looking for a Training Manager. We are one of the largest firms of City solicitors, with 71 partners and a staff of 650, and regard the training of the firm's lawyers as a vital part of our system. We are now strengthening our commitment still further by appointing a full-time Training Manager. We need an experienced person to help us develop the new training programmes which are demanded by the increasing range and depth of legal and professional skills needed by a City lawyer. We are looking for someone with teaching experience and a background in law, probably a law degree or a professional qualification; ideally the new Manager will have experience with a major firm of solicitors. This is a senior and important new position and its scope depends considerably on the person appointed. The new Manager will have a keen awareness of the needs of our lawyers together with initiative and organisational ability in promoting and taking part in training sessions. The salary and benefits will be attractive, and full administrative and secretarial support will be given. If you are interested in this appointment, please send your curriculum vitae to: Peter Morley-Jacob, Slaughter and May, 85 Basinghall Street, London EC2V 5DB.

Posts

THE UNIVERSITY OF MANCHESTER LECTURER IN LAW

Applications are invited for this post, tenable from October 1st, 1986 from graduates and persons of greater experience. Salary range p.a.: £8,020 - £15,700. Full particulars and application forms (returnable by July 1986) from the Registrar, The University, Manchester M13 9PL. Quote ref. 146/86/7.

University of London CHAIR OF BIOMEDICAL ENGINEERING TENABLE AT THE INSTITUTE OF ORTHOPAEDICS

The Senate invite applications for the above Chair, which has become vacant on the retirement of Professor J T Scates. The Chair carries with it an Honorary Consultant Contract with the Bloomsbury Health Authority. Applicants should be capable of leading research and harnessing established industrial links. The successful candidate will be expected to take up the post in 1987. Applications (11 copies) must be received not later than 30 July 1986 by the Teachers' Section (T), University of London, Malet Street, London WC1E 7HU, from whom further particulars should first be obtained.

The Queen's University of Belfast CHAIR OF ARCHITECTURE

Applications are invited from suitably qualified candidates for the chair of architecture available from 1st of October 1986 or such other date as may be arranged. Salary will be within the professional range with contributory pension rights under FSSU or USS. Further particulars may be obtained from The Personnel Office, The Queen's University of Belfast, BT7 1NN, Northern Ireland. Closing date: 29th of July 1986. (Please quote Ref 86/7).

UNIVERSITY OF LONDON CHAIR OF PRIMARY HEALTH CARE TENABLE AT UNIVERSITY COLLEGE LONDON AND THE MIDDLESEX HOSPITAL MEDICAL SCHOOL JOINTLY

The Senate invite applications for the above newly established Chair. Applications (11 copies) should be submitted to the Teachers' Section (T), University of London, Malet Street, London WC1E 7HU, from whom further particulars should first be obtained. The closing date for receipt of applications is 30 July.

DAUNTSEY'S SCHOOL

West Lavington, near Devizes, Wiltshire, SN10 4HE. H.M.C./Fully Co-educational/Independent 530 Pupils (180 on 'A' level courses). Special Link with Lavington Comprehensive School. Required for January 1987 (or September 1986 if possible). A graduate CHEMIST. To teach well-motivated able pupils to Oxbridge entrance standard. The successful applicant will join a well-equipped and flourishing department in this co-educational H.M. school which has a unique link with the neighbouring Comprehensive. The ability to teach 'Biology to 'A' level would be an added recommendation. The post could suit a new entrant to the profession who has genuine ability and enthusiasm. Salary according to experience and qualifications ABOVE BURNHAM SCALE II. Further details from The Head Master, to whom applications (with c.v. and the names of 2 referees) should be sent immediately. Telephone: Lavington (0309 81 2448).

OLDHAM HULME GRAMMAR SCHOOL FOR BOYS APPOINTMENT OF HEAD

The Governors invite applications from suitably qualified and experienced persons for the HEADSHIP of the Oldham Hulme Grammar School for Boys. The post will become vacant from the 1st January, 1987; the present Headmaster, Mr. D. R. Ward, M.A. (Cambridge) having been appointed Rector of Hutchings Grammar School, Glasgow. The School is an Independent Day School formerly Direct Grant and is a member of the G.B.A. with the Headmaster in membership of the Headmasters' Conference. There are currently 812 Boys in the School: 120 in the Junior School and 692 in the Main School, with 142 in the Sixth Form. Full details may be found in the Boys' School Year Book. For salary purposes the School is Group 10 but likely to be Group 11, plus Governors' Discretionary Allowance. Application forms and further details may be obtained from the Clerk to the Governors, Hulme Grammar School, Chamber Road, Oldham, Telephone: 061-624-8462. Closing date for applications is intended, initially, to be 31st July, 1986, but having regard to the Summer holidays may be extended beyond that date.

SHERBORNE SCHOOL STUDIES CENTRE GREENHILL HOUSE TEACHER OF CHEMISTRY AND BIOLOGY

Greenhill House is a specialist unit which prepares boys from overseas for entrance to English Independent Schools through Common Entrance or G.C.E. 'O' Level. Small classes - average 8 boys. We require for September 1986 a Teacher of Chemistry and Biology to 'O' Level. Applicants must be willing to participate fully in the supervisory and sports side of boarding school life. Bachelor accommodation available. Applications with c.v. and name of 2 referees to: The Principal, Sherborne School Studies Centre, Greenhill House, Sherborne, Dorset DT9 3HX.

YMCA HEALTH AND FITNESS INNOVATOR/MOTIVATOR

Croydon YMCA requires a P.E. qualified person who has a thorough grasp of Health and Fitness Education in its wider sense. Such a person will join a team of YMCA Secretaries who are committed to the Association's Christian Aims and Purposes and who are involved in its total life and growth. The Health and Fitness Innovator/Motivator will assist the Association to enter a new and exciting phase in the development of its Sports and Fitness Programmes. Croydon YMCA already provides a wide range of top quality facilities for the physical well being of its 3,000 members - Squash Courts, Sports Hall, Swimming Pool, and the best equipped Weight Training Studio in the locality. APPLICATION FORM AND FURTHER DETAILS FROM: The General Secretary Croydon YMCA 1 Lansdowne Road Croydon CR0 2BX TELEPHONE (01) 661-3361

WARDENSHIP of GLENALMOND COLLEGE

The Council of Glenalmond College proposes to appoint a Warden to take office as Head in September, 1987, on the retirement of the present Warden. It is intended to make the appointment in October, 1986. Glenalmond is an H.M.C. boarding school for boys aged 13-18, founded by W.E. Gladstone in 1841. Details and applications forms from: The Secretary to the Council, Glenalmond College, Perthshire PH1 3RY. Applications close on 30th September, 1986.

MANSFIELD COLLEGE OXFORD OXI 3TF APPOINTMENT OF BURSAR

The College proposes to appoint a full-time Bursar in early September with duties to commence as soon as possible thereafter. The Bursar is primarily an administrator and manager who works with Heads of Departments in the areas of budgeting and accounting, domestic affairs, maintenance and vacation conferences. Salary will be in the range of £14,500-£16,000, depending on age and experience. Older applicants will be welcomed but special consideration will be given to those between the ages of 30-45. Further details are available from the College Secretary. Applications should be received (in triplicate), with the names of three referees, not later than Friday, 18th July. Interviews will take place on 4th/5th September for shortlisted candidates.

KING FAHAD ACADEMY Full and Part-time TEACHERS

Vacancies exist for September 1986 in all subjects in Boys' Upper School (11yrs-15yrs, subsequently 18yrs), Boys' Lower School (especially Infant teachers) and Girls' Lower School (Infants and Juniors) of the rapidly expanding King Fahad Academy. (Independent Day School). Burnham Scale 1 + 15% + Inner London Allowance. For further details and application form from Acting Headteacher of appropriate school, King Fahad Academy, Bromyard Avenue, Acton, London, W3 7HD. Telephone: 01-743 0131

Nursery School

In Kensington requires a qualified teacher mornings only from September. Good salary and conditions. Please write with CV to Box No. A30. GRADUATES aged 20-30 to teach English in the summer holidays during July and August. Please send CV to Mrs. Johnson 04203 5546

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PERSONAL COLUMNS

Law Report June 23 1986

Landlord's failure to act is no crime

Regina v Ahmad
Before Lord Justice Glidewell, Mr Justice Jupp and Sir Ralph Kiber-Brown
[Judgment given June 20]
The failure by a landlord to take steps to complete building works was not the doing of an act so as to render him liable under section 1(3) of the Protection from Eviction Act 1977.

Thereafter there was correspondence between Miss Chan solicitor and the defendant throughout the remainder of 1983 and into 1984. No agreement was reached and no further work was done at the flat.

The defendant did not do "acts calculated to interfere with or obstruct the peace or comfort" of the tenant.

The question was whether in a particular situation, a person who did an act which caused damage to another innocently and thus at that stage was guilty of no offence, was nevertheless under a responsibility to rectify what he had caused, so that an intentional failure to rectify what he had caused was a crime.

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The Vegetarian
The Vegetarian

FLIGHT SALE
SAVE UP TO 100%
SAVE UP TO 100%

SELF-CATERING
SUPERIOR VILLAS
SUPERIOR VILLAS

QUICK GETAWAY
JUNE & JULY
JUNE & JULY

DISCOUNTED FARES
LONDON
LONDON

UP AND AWAY
Nairobi, Johannesburg, Cairo, Delhi, Singapore, Kuala Lumpur, Bangkok, Hong Kong, Sydney, Taipei, and The Americas.

SELF-CATERING ITALY
MORRISONS
MORRISONS

SELF-CATERING SPAIN
MARRIOTT
MARRIOTT

SPECIAL INTEREST
SUN, SAND, WATERMANS, TRAVEL
SUN, SAND, WATERMANS, TRAVEL

CORNWALL & DEVON
SHERWOOD
SHERWOOD

LAKE DISTRICT
LAKELANDS
LAKELANDS

GENERAL APPOINTMENTS
TOP LONDON BROKERAGE
TOP LONDON BROKERAGE

FOR HER
WEEK END AT WIMBORLTON
WEEK END AT WIMBORLTON

SHORT LETS
REAR/FRONT ROOMS
REAR/FRONT ROOMS

FLATSHARE
CLAPHAM, 1 room, 1 bath, 1 kitchen, 1 living room, 1 bedroom, 1 bathroom, 1 kitchen, 1 living room, 1 bedroom, 1 bathroom.

WANDSWORTH COMMON
2 room flat, 1 bathroom, 1 kitchen, 1 living room, 1 bedroom, 1 bathroom.

CLAPHAM, 1 room, 1 bath, 1 kitchen, 1 living room, 1 bedroom, 1 bathroom.

FLATSHARE
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FLATSHARE
CLAPHAM, 1 room, 1 bath, 1 kitchen, 1 living room, 1 bedroom, 1 bathroom.

SELF-CATERING
SUPERIOR VILLAS
SUPERIOR VILLAS

SELF-CATERING
BALNEARES
BALNEARES

SELF-CATERING
CANARY & MADEIRA
CANARY & MADEIRA

SELF-CATERING
FRANCE
FRANCE

AVAILABLE NOW
CORFU
CORFU

SELF-CATERING ITALY
MORRISONS
MORRISONS

SELF-CATERING SPAIN
MARRIOTT
MARRIOTT

SPECIAL INTEREST
SUN, SAND, WATERMANS, TRAVEL
SUN, SAND, WATERMANS, TRAVEL

CORNWALL & DEVON
SHERWOOD
SHERWOOD

LAKE DISTRICT
LAKELANDS
LAKELANDS

GENERAL APPOINTMENTS
TOP LONDON BROKERAGE
TOP LONDON BROKERAGE

GENERAL APPOINTMENTS
TOP LONDON BROKERAGE
TOP LONDON BROKERAGE

Machine on test needs to be fenced

TBA Industrial Products Ltd v Lathe
Before Lord Justice Watkins and Mr Justice Goff
[Judgment given June 20]
A machine which had been installed in a factory for the purpose of manufacturing and modification, and which was used for the development and modification process, was not a machine within the meaning of section 14(1) of the Factories Act 1961.

The Queen's Bench Divisional Court held in a reserved judgment, by dismissing an appeal brought by the occupier of a factory, TBA Industrial Products Ltd, by way of case stated from their conviction by the Crown Court, that a machine which was used for the development and modification process, was not a machine within the meaning of section 14(1) of the Factories Act 1961.

The machine had been designed by its manufacturers to process glass waste. The machine was used for the development and modification process, and was not a machine within the meaning of section 14(1) of the Factories Act 1961.

The machine was used for the development and modification process, and was not a machine within the meaning of section 14(1) of the Factories Act 1961.

Policeman's perjured evidence was not central to issue at trial

Regina v Cummins
Before Lord Justice May, Mr Justice Michael Davies and Mr Justice Auld
[Judgment given June 19]
When a prosecution witness was subsequently convicted of having given perjured evidence against defendants, and the defendants appealed against conviction on the ground that the verdicts were unsafe and unsatisfactory, the Court of Appeal was entitled to dismiss the appeal in circumstances where the perjured evidence was peripheral to the main issue at the trial.

The Court of Appeal (Criminal Division) dismissed appeals by Patrick John Cummins and Lance Terence Perks, both of whom were charged with conspiracy to pervert the course of justice and sentenced to a total of 18 months imprisonment.

Mr Perks was convicted of conspiracy to pervert the course of justice and obtaining property by deception and sentenced to a total of 18 months imprisonment.

Mr Perks was convicted of conspiracy to pervert the course of justice and obtaining property by deception and sentenced to a total of 18 months imprisonment.

Reasons for not banning driver

Chatters v Burke
Before Lord Justice Watkins and Mr Justice Taylor
[Judgment given June 17]
In deciding whether there were special reasons which justified not disqualifying a driver under section 93(1) of the Road Traffic Act 1972, there were seven factors which justices should take into account, not only the distance travelled.

The Queen's Bench Divisional Court held, refusing an appeal by way of case stated by the defendant, Chatters, that there were no special reasons which justified not disqualifying a driver under section 93(1) of the Road Traffic Act 1972.

The Queen's Bench Divisional Court held, refusing an appeal by way of case stated by the defendant, Chatters, that there were no special reasons which justified not disqualifying a driver under section 93(1) of the Road Traffic Act 1972.

The Queen's Bench Divisional Court held, refusing an appeal by way of case stated by the defendant, Chatters, that there were no special reasons which justified not disqualifying a driver under section 93(1) of the Road Traffic Act 1972.

Consent to order refused

Lanham v Bernard
Before Lord Justice Watkins and Mr Justice Taylor
[Judgment given June 20]
It was wrong for a magistrate to decide not to impose an order to bind defendants over to keep the peace under section 115 of the Magistrates' Courts Act 1980, merely because the defendants had indicated that they intended to contest the order.

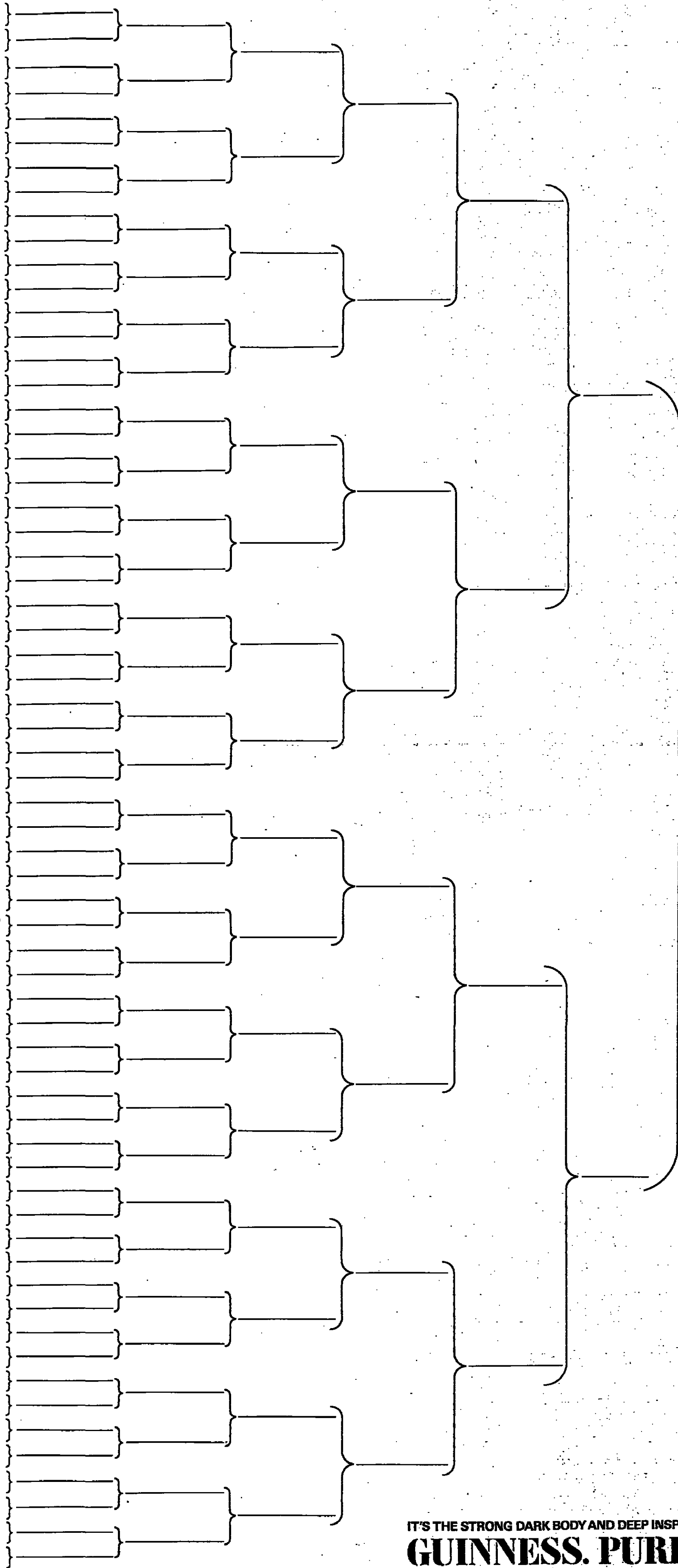
The Queen's Bench Divisional Court held, dismissing an appeal by way of case stated by the defendant, Lanham, that it was wrong for a magistrate to decide not to impose an order to bind defendants over to keep the peace under section 115 of the Magistrates' Courts Act 1980, merely because the defendants had indicated that they intended to contest the order.

The Queen's Bench Divisional Court held, dismissing an appeal by way of case stated by the defendant, Lanham, that it was wrong for a magistrate to decide not to impose an order to bind defendants over to keep the peace under section 115 of the Magistrates' Courts Act 1980, merely because the defendants had indicated that they intended to contest the order.

The Queen's Bench Divisional Court held, dismissing an appeal by way of case stated by the defendant, Lanham, that it was wrong for a magistrate to decide not to impose an order to bind defendants over to keep the peace under section 115 of the Magistrates' Courts Act 1980, merely because the defendants had indicated that they intended to contest the order.

THE CREAM WILL ALWAYS END UP ON TOP

- I. Lendl (CZ)
- L. Lavalle (M)
- M. Freeman (USA)
- N. Aerts (BR)
- G. Michibata (C)
- A. Mansdorf (ISR)
- R. B. Green (USA)
- P. Lundgren (SW)
- N. A. Fulwood (GB)
- B. Pearce (USA)
- M. W. Anger (USA)
- S. Casal (SP)
- D. De Miguel (SP)
- J. Sadri (USA)
- B. Custer (AUS)
- J. C. Kriek (USA)
- T. S. Mayotte (USA)
- A. Zverev (USSR)
- H. Solomon (USA)
- J. Canter (USA)
- J. Gunnarsson (SW)
- H. Gildemeister (CH)
- T. Smid (CH)
- D. J. Cahill (A)
- P. Doohan (A)
- J. Hlasek (SWZ)
- M. T. Walker (GB)
- C. Mezzadri (IT)
- E. Edwards (SA)
- K. Novacek (CZ)
- B. Scanlon (USA)
- A. Jarryd (SW)
- J. S. Connors (USA)
- R. Seguso (USA)
- D. Keretic (WG)
- B. Teacher (USA)
- C. Hooper (USA)
- C. Van Rensburg (SA)
- T. Wilkison (USA)
- S. M. Shaw (GB)
- T. Champion (F)
- M. Wostenholme (C)
- S. Youl (A)
- S. Zivojinovic (YU)
- K. Flach (USA)
- J. Windahl (SA)
- G. Forget (F)
- M. Jaite (ARG)
- K. Curren (USA)
- E. Jelen (WG)
- M. Davis (USA)
- M. Flur (USA)
- M. J. Bates (GB)
- T. Witsken (USA)
- T. Nelson (USA)
- D. Pate (USA)
- C. Seceanu (ROM)
- M. Bauer (USA)
- R. Krishnan (IND)
- F. Mociel (M)
- W. Fibak (POL)
- V. Amritraj (IN)
- K. Evernden (NZ)
- J. Nystrom (SW)
- S. Edberg (SW)
- V. Wilder (USA)
- P. Annacone (USA)
- S. M. Bale (GB)
- P. Slozil (CZ)
- U. Stenlund (SW)
- M. Schapers (NTH)
- M. Mecir (CZ)
- E. Teltscher (USA)
- M. Srejber (CZ)
- H. P. Guenthardt (SWZ)
- G. Layendecker (USA)
- M. Leach (USA)
- R. Osterthun (WG)
- M. Woodforde (A)
- B. Gilbert (USA)
- M. Pfennors (SW)
- M. Depalmer (USA)
- A. Maurer (WG)
- S. Glickstein (ISR)
- B. Levine (SA)
- J. B. Svensson (SW)
- S. Giammalva (USA)
- M. R. Edmondson (A)
- C. Steyn (SA)
- J. M. Lloyd (GB)
- P. Chamberlain (A)
- P. Chamberlain (USA)
- B. Schultz (USA)
- T. R. Gullikson (USA)
- E. Bengoechea (ARG)
- B. Becker (WG)
- H. Lecorte (F)
- R. Agenor (HA)
- A. Chesnokov (USSR)
- C. Dowdeswell (GB)
- R. Acuna (CH)
- G. Holmes (USA)
- M. Westphal (WG)
- F. Segarceanu (RU)
- S. T. Botfield (GB)
- E. Sanchez (SP)
- B. Testerman (USA)
- W. Masur (A)
- D. T. Visser (SA)
- M. Robertson (SA)
- J. B. Fitzgerald (A)
- A. Gomez (EC)
- G. Vilas (ARG)
- P. Cash (A)
- R. J. Simpson (NZ)
- B. N. Moir (SA)
- M. Ingaramo (ARG)
- H. Schwaier (WG)
- K. Moir (SA)
- J. Lapidus (USA)
- N. Odizor (NI)
- M. Kratzman (A)
- C. Kirmayr (BR)
- H. Sundstrom (SW)
- A. N. Castle (GB)
- B. Dyke (A)
- S. E. Davis (USA)
- M. Wilander (SW)



IT'S THE STRONG DARK BODY AND DEEP INSPIRING TASTE THAT MAKES
GUINNESS. PURE GENIUS.

Handwritten signature or mark at the bottom center of the page.

TENNIS: PORTENTS ARE NOT GOOD FOR BRITAIN AT WIMBLEDON

Third centenary will have a new splash of colour

By Rex Bellamy, Tennis Correspondent

The Wimbledon championships, which begin today, will be the last to offer the players tax-free prize money and the first to be played with yellow balls, which present a better image on that familiar box in the living room: Remember that radio and television sets produce most of Wimbledon's income and that the colour of the ball is irrelevant to the players as long as they can see it.

brates a centenary. The first tournament, restricted to men's singles, was held in 1877. The first women's singles event was played with yellow balls, which present a better image on that familiar box in the living room: Remember that radio and television sets produce most of Wimbledon's income and that the colour of the ball is irrelevant to the players as long as they can see it.

were worth a modest bet. Ivan Lendl and Mats Wilander, who are seeded to contest the final, have never progressed that far. Jimmy Connors, the third seed, is approaching his 34th birthday and has not won a tournament since 1984. All that speaks for itself.

to play flat out - the only way he knows - over such a long and strenuous course. Boris Becker, the fourth seed, has the build, the athleticism, the game and the character to respond to the inspiration of the tournament that brought him fame and fortune. Becker is worried about the middle finger of his racket hand, but at this time of year every player with a chance is worried about something.

MEN'S SINGLES: THE TOP FOUR SEEDS



IVAN LENDL (No 1 seed) (Czechoslovakia) Aged 26. Lives in U.S. Seventh Wimbledon. Best year: 1983 and 1984 world-finals, US and French champion.

AND THE TOP FOUR WOMEN



MARTINA NAVRATILOVA (1) (Czechoslovakia) Aged 29. Born in U.S. 14th Wimbledon. Champion six times.

TODAY'S ORDER OF PLAY

Play starts at 12pm on Centre and number one courts and at 12.30pm on all other courts (seated places in brackets). CENTRE COURT: E. Sanchez (Arg) v B. Becker (W); S. E. Davis (US) v M. Navratilova (C); J. S. Connors (US) v R. Seguso (US).

GOLF

Sutton makes his move

Hal Sutton, of the United States, scored a five-under-par 67 on Saturday to go into yesterday's final round of the Georgia-Pacific Atlanta classic with a two-shot lead over fellow countrymen, Doug Tewell and Scott Hoch.

TODAY'S FIXTURES

CRICKET Second Crickall Insurance Test match (11.00 to 6.0) NEW ZEALAND v INDIA

OTHER SPORT

TENNIS: The All England championships (Wimbledon). GOLF: English Schools championship, at Bolton Old Links.

ATHLETICS: COE AND OVERT RUN INTO CRITICISM

Big two conspicuous by their absence

By Pat Butcher, Athletics Correspondent. Some fine performances at the 44th championships, sponsored by Kodak, over the weekend are likely to be overshadowed by further arguments about selection policy when England's Commonwealth Games team are announced today.

distance runner. His 1,500 metres world record last year was even more credible for the fact that he won it in confrontation with a peer, Said Aouita, the sort of contest that Coe and Overt never risked outside championships. Similarly, Cram did what was originally asked of everyone on Saturday. He turned up to compete for his place in Edinburgh, whereas Coe and Overt did not. Coe cited injury and Overt the after-effects of a cold as reasons for their absence.

New life in old bones. Eugene, Oregon (Reuter) - Carl Lewis equalled the fourth fastest 100 metres sprint and minutes later won the long jump to score two victories at the United States national track and field championships here.



Victory stance: Navratilova poised for another killing

Navratilova's good augury

Martina Navratilova is set fair for another Wimbledon victory after her first tournament win since March at Eastbourne yesterday. She had to battle to beat Helena Sukova, of Czechoslovakia 3-6, 6-3, 6-4, in the Pilkington Glass women's championship final and said: "When I play well here I play well at Wimbledon."

Play uplifting to the spirit

Henri Leconte, over the course of one match, is arguably the most dangerous player in Wimbledon. "But he has so much talent that sometimes he does not know what to do with it all," Vijay Amritraj, said, and he had just proved the point by creating a big surprise in beating the top-seeded Frenchman 7-6, 1-6, 6-4 in the final of the Bristol Trophy on Saturday.

FOOTBALL

Brazil feel caprice's lash



WORLD CUP TV

I do not know who invented the penalty shoot-out, but I bet it was a television mogul, and not a footballing man. That the match between Brazil and France, one of the best matches I have ever seen, should need to be decided by penalties, was wonderfully exciting - and appalling.

The penalty shoot-out makes the most splendid television, but it is not football. I would be writing hard and bitter things about this way of deciding a match had Brazil been My stance throughout this wonderful match was one of hysterical neutrality, until the Brazilian goalkeeper's unpenished-red-card-worthy tackle. Then I became violently partisan, and, because of its satisfactory conclusion, the penalty shoot-out can be remembered as a sensational part of a great match.

But Bats, in the French goal (surely the perfect name for a goalkeeper) was obviously the object of some great Olympian god's smug and amiable smirk. Divinely inspired, he saw that France won through not because of a great god's desire for justice, but thanks to some slightly Godlin's caprice. Brazil, on whom the gods have smiled for so long, were out. Those who enjoy the fruit of caprice must also endure caprice's lash, as an Anthony Powell character sadly remarks.

At least the game would still be decided by football skills. Men would have to play to influence events, and the gods of caprice a little less. Simon Barnes

OLYMPIC GAMES

N Korea wants Games to be co-hosted

Tokyo (UPI) - A top North Korean sports official rejected an offer to hold two events of the 1988 Seoul Olympic Games and reserved demands to co-host the summer Games, the North Korean Central News Agency reported yesterday. Kim Duk Jun, vice chairman of the North Korean Olympic Committee, in a statement on the third meeting between North and South Korean sports officials hosted by the International Olympic Committee earlier this month, contradicted South Korean reports that progress had been made.

"Truth to tell, no agreement was reached on any basic question taken up at the meeting," Kim said. North Korea has demanded to co-host the 1988 Summer Games, claiming South Korea is unfit to hold them alone, and has threatened to call for an East bloc boycott should it be rebuffed. Kim said that "It was not to have one or two games in our area that we proposed the co-hosting of the Olympics."

SWIMMING

Cowley wins place in squad after appeal

England's selectors have added South African-born Anne Cowley, aged 19, to their Commonwealth Games squad, after she won an appeal over her eligibility to appear. Annamaria, the chairman of selectors, said: "Miss Cowley has been added to the team and she will assemble with the rest of the squad for pre-training camp at Crystal Palace. The events she will take part in will be announced on Wednesday."

ENTERTAINMENTS

Continued from page 47 CINEMAS GAYE CINEMA, Notting Hill Gate 127-4024. Today's choice: The Untouchables. Tomorrow's: The Untouchables. After 10.30: The Untouchables. After 11.15: Advance booking.

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